

**CURRENT AND FUTURE WORLDWIDE THREATS
TO THE NATIONAL SECURITY OF THE UNITED
STATES**

HEARING
BEFORE THE
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE
ONE HUNDRED NINTH CONGRESS
SECOND SESSION

FEBRUARY 28, 2006

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CURRENT AND FUTURE WORLDWIDE THREATS TO THE NATIONAL SECURITY OF THE UNITED STATES

TUESDAY, FEBRUARY 28, 2006

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:37 a.m. in room SH-216, Hart Senate Office Building, Senator John Warner (chairman) presiding.

Committee members present: Senators Warner, Inhofe, Sessions, Collins, Talent, Cornyn, Thune, Levin, Kennedy, Lieberman, Bill Nelson, and Clinton.

Committee staff members present: Charles S. Abell, staff director; Leah C. Brewer, nominations and hearings clerk; and John H. Quirk V, security clerk.

Majority staff members present: William M. Caniano, professional staff member; Regina A. Dubey, professional staff member; Gregory T. Kiley, professional staff member; Sandra E. Luff, professional staff member; and Lynn F. Rusten, professional staff member.

Minority staff members present: Richard D. DeBobes, Democratic staff director; Gabriella Eisen, research assistant; Evelyn N. Farkas, professional staff member; Richard W. Fieldhouse, professional staff member; Creighton Greene, professional staff member; and Bridget W. Higgins, research assistant.

Staff assistants present: Jessica L. Kingston and Pendred K. Wilson.

Committee members' assistants present: Cord Sterling and Samuel Zega, assistants to Senator Warner; John A. Bonsell and Jeremy Shull, assistants to Senator Inhofe; Chris Arnold, assistant to Senator Roberts; Arch Galloway II, assistant to Senator Sessions; Mackenzie M. Eaglen, assistant to Senator Collins; D'Arcy Grisier, assistant to Senator Ensign; Russell J. Thomasson, assistant to Senator Cornyn; Stuart C. Mallory, assistant to Senator Thune; Sharon L. Waxman, Mieke Y. Eoyang, and Joseph Axelrad, assistants to Senator Kennedy; Frederick M. Downey, assistant to Senator Lieberman; Richard Kessler, assistant to Senator Akaka; William K. Sutey, assistant to Senator Bill Nelson; and Andrew Shapiro, assistant to Senator Clinton.

**OPENING STATEMENT OF SENATOR JOHN WARNER,
CHAIRMAN**

Chairman WARNER. Good morning, everyone. The Committee on Armed Services meets today to receive the annual testimony on the current and future worldwide threats to the national security of our Nation and indeed that of our allies. The witnesses here today are a very distinguished panel. We have the Director of National Intelligence (DNI), Ambassador John D. Negroponte; General Michael Hayden, USAF, Principal Deputy Director of National Intelligence; and the Director of the Defense Intelligence Agency (DIA), Lieutenant General Michael D. Maples, USA.

I join the committee in welcoming this distinguished panel this morning. Ambassador Negroponte and General Hayden are the first Director and Principal Deputy of National Intelligence to appear at a worldwide threat hearing before this committee, and General Maples makes his first appearance before the committee, since becoming the Director of DIA.

A key lesson of September 11, 2001, is that America's intelligence agencies must work together as a single unified intelligence enterprise. The Intelligence Reform and Terrorism Prevention Act of 2004 created the position of DNI, to lead a unified Intelligence Community (IC) and serve as the principal adviser to the President on intelligence matters and indeed the co-equal branch of the Congress of the United States.

The DNI has broad authorities over the IC. Ambassador Negroponte, I for one believe you have led the effort and met the challenges of bringing together this new organization.

General Maples, I am also a strong advocate for departmental intelligence organizations like the DIA. These organizations are structured and staffed to provide highly valued support to their primary customers, the Secretary of Defense, the Chairman of the Joint Chiefs, and the combatant commanders throughout the world, and other components of our military. Your products are used by the analysts, policymakers, and commanders around the world, who do not have, understandably, the extensive infrastructure that you have in DIA, but you make your work product available to all.

Our Nation looks to the national IC for warning, clarity, and reasoned estimates on a range of developing issues and potential challenges, not the least of which is the proliferation of weapons of mass destruction (WMD) and the ever growing number of nations who are participating more actively in the global world activities.

Your work is not easy. Even on the best of days, your mission requires courage, vigilance, foresight, and taking a certain amount of plain old-fashioned risk to make your best judgment to do it in a very truthful and forthright way. During the time of transition in the IC, our Nation's demand for intelligence has never been greater than during this very period. I think once again your group, the three of you, are meeting those challenges.

The technologies for acquiring and analyzing the information on terrorists differ significantly from those used to evaluate the military capabilities of other countries. You must do both. At the same time when advances in technology and increasing globalization complicate your work, you must do both. While never forgetting

that we are in the middle of a war, with soldiers, airmen, and marines in harm's way, you have to make these analytical reports available to them. We commend you therefore for your service. I thank you for the opportunity of having you before us this morning.

Now, there was some discussion about a limitation on time. You take such time as you feel necessary, Ambassador Negroponte and each of the witnesses. In consultation with my ranking member, I believe that we have a obligation to allocate almost 50–50 the time in public session with that in classified session in Hart 219. Consequently, I ask the committee that we limit our questions to one round each, giving each member 8 minutes, and then we will proceed to go into a closed session.

Now, on the matter of the ports, it is very actively being considered by Congress in the committee structure. I am pleased to see that we are going to undertake this 45-day extensive examination. But I do believe that, while there were imperfections in the first Committee on Foreign Investments in the United States (CFIUS) round and Congress will address those, this committee has forwarded two letters at the recommendation of Senator Levin and myself to the Treasury Department and to Senate counsel regarding the legal questions. I will ask that those letters be made a part of today's record.

[The information referred to follows:]

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United States Senate
 COMMITTEE ON ARMED SERVICES
 WASHINGTON, DC 20510-6050

February 24, 2006

Honorable Robert M. Kimmitt
 Deputy Secretary
 Department of the Treasury
 Room 3000
 1500 Pennsylvania Avenue, N.W.
 Washington, D.C. 20510

Dear Mr. Kimmitt:

As you know, during our February 23, 2006, Senate Armed Services Committee briefing on the national security implications of the acquisition of Peninsular and Oriental Steamship Navigation Co. by Dubai Ports World, I discussed the importance of obtaining an opinion from the U.S. Attorney General with respect to a legal issue that arose during the briefing. We agreed that as a member of the Administration that you would help facilitate this request.

Current law (Section 721 of the Defense Production Act, 50 U.S.C. App. 2170) provides a process for reviewing foreign acquisitions of U.S. companies to determine their effects on U.S. national security. Since 1988, the primary responsibility for reviewing foreign acquisitions and their potential effect on national security has fallen within the jurisdiction of the Committee on Foreign Investment in the United States (CFIUS). Twelve federal departments and agencies are represented on CFIUS, including the Departments of Treasury, State, Defense, Commerce, Homeland Security and Justice.

Section 721 provides the President or his designee (CFIUS in this instance) the authority and the responsibility of conducting investigations of certain mergers, acquisitions and takeovers. There are two subsections of this law that are particularly relevant to the point of confusion that arose during our briefing.

Subsection (a) of Section 721 sets out the circumstances under which the President or CFIUS may undertake an investigation to determine the national security effects of certain mergers, acquisitions or takeovers. Subsection (b) provides that the President or CFIUS shall make an investigation described in subsection (a) in any instance which, "an entity is controlled by or acting on behalf of a foreign government seeks to engage in any merger, acquisition, or takeover which could result in control of a person engaged in interstate commerce in the United States that could effect the national security of the United States"

During the Senate Armed Services Committee briefing some Members of the Committee expressed the view that CFIUS was required under section 721 (b) to conduct a "mandatory investigation." Administration officials, including yourself, maintain that this statute does not

require the Administration to initiate an investigation in the Dubai Ports World acquisition circumstances.

Given the difference of views on the matter, I believe it is important for the Congress as it returns from recess to have an opinion from the Attorney General as to whether 50 U.S.C. 2170 (as interpreted within the bounds of law and within the confines of CFIUS' previous practices and procedures under this and former Administrations) requires a mandatory investigation, or allows the Administration discretion whether to conduct an investigation, in a case of this kind. For your reference, I have enclosed a copy of the relevant portions of the briefing transcript that will help you address the issues that were raised during the briefing.

Thank you for your assistance in this matter.

With kind regards, I am

Sincerely,

A handwritten signature in black ink, appearing to read "John Warner", with a stylized flourish at the end.

John Warner
Chairman

Enclosure

JOHN WARNER, VIRGINIA, CHAIRMAN
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United States Senate
 COMMITTEE ON ARMED SERVICES
 WASHINGTON, DC 20510-6050

February 24, 2006

Ms. Patricia Mack Bryan
 Senior Legal Counsel
 Room 642, Hart Senate Office Building
 United States Senate
 Washington, D.C. 20510

Dear Ms. Bryan:

On February 23, 2006, I convened a briefing for Members of the Senate Armed Services Committee to address the national security implications of the acquisition of Peninsular and Oriental Steamship Navigation Company by Dubai Ports World - a government-owned and controlled firm of the United Arab Emirates (UAE). I write to you today with respect to an issue that arose during that briefing to seek your views.

Current law (Section 721 of the Defense Production Act, 50 U.S.C. App. 2170) provides a process for reviewing foreign acquisitions of U.S. companies to determine their effects on U.S. national security. Since 1988, the primary responsibility for reviewing foreign acquisitions and their potential effect on national security has fallen within the jurisdiction of the Committee on Foreign Investment in the United States (CFIUS). Twelve federal departments and agencies are represented on CFIUS, including the Departments of Treasury, State, Defense, Commerce, Homeland Security and Justice.

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During the Senate Armed Services Committee briefing some Members of the Committee expressed the view that CFIUS was required under section 721 (b) to conduct a "mandatory investigation."

Given the difference of views on the matter, I believe it is important for the Congress as it returns from recess to have an opinion from the Senate Legal Counsel as to whether 50 U.S.C. 2170 (as interpreted within the bounds of law and within the confines of CFIUS' previous practices and procedures under this and former Administrations) requires a mandatory investigation, or allows the Administration discretion whether to conduct an investigation, in a case of this kind. For your reference, I have enclosed a copy of the relevant portions of the briefing transcript that will help you address the issues that were raised during the briefing.

Thank you for your assistance in this matter.

With kind regards, I am

Sincerely,

A handwritten signature in black ink, appearing to read "John Warner", with a stylized flourish at the end.

John Warner
Chairman

Enclosure

Chairman WARNER. This committee had a briefing last week, regrettably while so many members were away in their respective States. But I believe it was imperative that we have the principal and presumably the most knowledgeable individuals come before Congress and explain the CFIUS process that did take place, and that was done. I personally, and perhaps there are others, had the opportunity to go in to the Senate Select Committee on Intelligence (SSCI) and receive the briefing, Ambassador Negroponte, of your very able deputy, who I note is present here today, and I thank you for bringing him here.

That was the process by which your organization funneled that intelligence that you felt was appropriate into the CFIUS process. I would hope that we would take an opportunity just procedurally here in open session to describe that process and what was done, and then we can explore the substance when we go into Hart 219.

I respect the concerns of many Americans about this transaction and the various statements and positions taken by colleagues both in the House and here in the Senate. But I have diligently over the past week tried to devote as much time as I can to studying this issue and I feel, while there were flaws in the CFIUS process first time around, the 45-day option—is not an option any longer; I presume they have filed the papers to avail themselves of it here today, which I think will bring such clarity as needed, and we hopefully can go forward as a Nation with this transaction, assuming we do not discover in the next 45 days a basis for not doing so predicated on national security concerns.

I say that because I have had familiarity with the United Arab Emirates (UAE) for a number of years. I have been there several times. It is astonishing to see the growth in the relationships between our countries since September 11, 2001. It is true that there were certain serious matters prior to September 11, 2001, involving individuals, financial transactions, and the like. But nevertheless, since that period of time, just our trade since 2003 to 2005 has gone to the point where we are now close to \$10 billion in trade with the UAE. Tens of thousands of these containers are going back and forth between our two countries.

To think that a company with a record such as this one, having been given the highest recognition by their peer group by selecting them as the most capable company in 2005 to manage port terminal facilities, would put this investment of \$6.8 billion towards these various port transactions, roughly 10 percent of which only is here in the United States, and would do anything less than try to achieve the highest security levels regarding their operations to protect their investment, and indeed to maintain their reputation in the ports with which they are affiliated, because if they were to do otherwise this entire gigantic corporate spread of this company would be severely impacted.

I also point out that we have had well over 500 ship visits to UAE. It is the only port that can accept our large carriers. It is essential that those carriers on these extended operations avail themselves with portside dockage such that a lot of heavy equipment can be transferred backwards and forwards, off the ship and on the ship and so forth, to enable it to continue with its missions. We have extensive air operations there that are supporting Iraq and

Afghanistan. It is interesting, the number of Americans who are in UAE is something like 15,000 individuals who are working there.

So I think when you look at the overall composition of our relationships, be they deployment, economic, or military, with this country, it shows a high degree of mutual trust. I do hope that in the weeks to come we can convey that message to our colleagues here in Congress and, more importantly, to the American people, who have legitimate concerns.

There is not a one of us that does not have the pain in our hearts of September 11, 2001, the loss, the loss of the men and women of the Armed Forces of our Nation. But bear in mind that every day the relationship between our two countries goes on, it is in direct support of the fighting men and women who at this moment in so many ways are in harm's way. So let us be cautious as we pursue, but at the bottom line we will get to the determination one way or another, I am confident.

It is terribly important because this global world in which we exist, you cannot look in isolation at a business contract like this without considering the diplomatic ramifications, the economic ramifications with other nations who are contemplating transactions with the United States, and indeed, as I have said, the military ramifications. It is all together, not just one isolated proposed contractual relationship.

Senator LEVIN.

STATEMENT OF SENATOR CARL LEVIN

Senator LEVIN. Mr. Chairman, thank you. First let me join you in welcoming our witnesses to the committee this morning and to this hearing on threats facing the United States. This committee, as you mentioned, Mr. Chairman, has a special responsibility to the men and women of our Armed Forces to be vigilant on intelligence programs because decisions on whether or not to use military force and the planning for military operations depend so heavily on intelligence.

This hearing will cover many critically important topics, such as North Korea and Iranian nuclear programs and the situation in the Middle East. But the situation in Iraq has reached the boiling point and we need to hear the views of our IC on what might stop the current spiral of violence.

An article from the New York Times in yesterday's online news titled "Baghdad Is Calm After Days of Sectarian Violence" went on to describe the so-called calm: a bomb exploding outside a Sunni mosque in eastern Baghdad, killing four worshippers and injuring 18; a mortar attack on a house near a prominent mosque in northern Baghdad, killing four civilians and injuring 17; the police finding nine bodies blindfolded and shot in the head south of the capital; and another four bodies found to the north of the capital. That is what in the Baghdad area is called "calm," apparently.

I will be interested in the views of our witnesses this morning on what the IC believes it will take to convince the Iraqi leadership to make the necessary compromises to reach a national unity government and a unifying constitution. It is clearer than ever to me that we must act to change the current dynamic in Iraq and that the only thing that can produce that change is a political settle-

ment that is accepted by all the major groups. Does the IC agree with that view?

Ambassador Khalilzad wisely took a small step in that direction recently when he told the Iraqi leadership, "We cannot invest billions of dollars in security forces if those forces are not trusted by the Iraqi people."

The Ambassador regrettably stopped short of telling the Iraqis that not just our dollars but our continued presence itself is not unconditional, and that because defeat of the insurgency requires a government of national unity, if the Iraqi leaders do not soon agree on a government of national unity, we must reassess the value of our continued presence.

Last Saturday was the deadline set by their constitution for the Iraqi assembly to meet. They missed that critical deadline with apparently, and regrettably, no comment from us.

The Iraqi leaders are feuding while Baghdad is burning.

Does the IC agree that our clearly stating to Iraqi leaders that our continued presence is not unconditional and that "whether Iraqis avoid all-out civil war and have a future as a nation is in their hands, and if they do not seize that opportunity that we cannot protect them or save them from themselves" might prompt the Iraqis to make the necessary political compromises?

Ambassador Negroponte, your accurate assessments on these matters are of critical importance to us and to the Nation.

I would be interested, Ambassador, in your reaction to an article in the March-April edition of *Foreign Affairs* written by Paul Pollar, who served directly under the Director of Central Intelligence as the former National Intelligence Officer (NIO) for the Middle East.

Finally, on the subject that the chairman touched on, the transfer of port facilities in the UAE, let me just make a very brief comment. I am glad there is going to be a formal investigation. It is what the law calls for. It should have happened before there was approval.

The law is clear on this matter that if there is a security concern—and obviously there was; the evidence of that is clear; there were many people who raised the concerns, including the Coast Guard. There were assurances that were obtained because of concerns. It is obvious that the law required a 45-day investigation to be triggered.

For that investigation to be credible, the status quo needs to be maintained. You cannot have a transfer of ownership between now and the beginning of a 45-day investigation and suggest that that transfer has no effect. It would have to be unraveled if the 45-day investigation suggested that the transaction should not be completed, and according to the law our government would have to go to district court in order to undo a transaction that had already taken place.

So I would hope that not only would the 45-day investigation begin promptly, but that also the status quo be maintained in terms of not transferring ownership to the Dubai government during the 45-day investigation.

One of the most important goals in Congress's passing the Intelligence Reform and Terrorism Prevention Act of 2004 was to foster

objective assessments and a willingness to speak truth to power. How our reforms are working, how they are being implemented, is also a subject that I think we would all be interested in hearing from our witnesses this morning.

Again, Mr. Chairman, I want to thank you for convening this and thank you, thank all of the witnesses, for appearing before us.

Chairman WARNER. Thank you, Senator.

Mr. Ambassador, we welcome you.

STATEMENT OF HON. JOHN D. NEGROPONTE, DIRECTOR OF NATIONAL INTELLIGENCE; ACCOMPANIED BY GEN. MICHAEL V. HAYDEN, USAF, PRINCIPAL DEPUTY DIRECTOR, OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

Ambassador NEGROPONTE. Chairman Warner, Ranking Member Levin, members of the committee: Thank you for the opportunity for myself and my colleague, DIA Director Lieutenant General Michael Maples, and General Michael Hayden, my Principal Deputy, to testify before you today.

Let me begin with a straightforward statement of preoccupation. Terrorism is the preeminent threat to our citizens, to our Homeland, to our interests, and to our friends. My intention then is to talk about terrorism and violent Islamic extremism in this brief statement and thereafter limit myself to touching on four other important subjects: Iraq, WMD, particularly nuclear weapons as they relate to Iran and North Korea, political developments in Latin America, and lastly China. There are of course many other topics of concern to the IC. These will be covered in my statement for the record.

First, the global jihadist threat. Entrenched grievances such as corruption and injustice and the slow pace of economic, social, and political change in most Muslim majority nations continue to fuel the global jihadist movement. Jihadists seek to overthrow regimes they regard as apostate and to eliminate western influence in the Muslim world, although most of their targets and victims are fellow Muslims. The movement is diffuse and subsumes three very different types of groups and individuals: first and foremost, al Qaeda, a weakened but resourceful organization; second, other Sunni jihadist groups, some affiliated with al Qaeda, some not; and third, self-generating jihadist networks and cells.

Working closely with our allies and friends, we have killed or captured most of the leadership behind the September 11, 2001, attacks. But my colleagues and I still view the global jihadist terrorist movement which emerged from the Afghan-Soviet conflict in the 1980s, but is today inspired and led by al Qaeda, as the preeminent threat to our citizens, to the Homeland, to our interests, and to our friends.

The London and Madrid bombings demonstrated the extent to which European nations in particular are both vulnerable to terrorist attack and could be exploited operationally to facilitate attacks on us. Unfortunately, al Qaeda will attempt high-impact attacks for as long as its central command structure is functioning and affiliated groups are capable of furthering its interests. Although an attack using conventional explosives continues to be the

most probable scenario, al Qaeda remains interested in acquiring chemical, biological, and nuclear materials or weapons.

Ultimately, more than the acts of global jihadists, the debate between Muslim extremists and moderates will influence the future terrorist environment, the domestic stability of key U.S. partners, and the foreign policies of Muslim governments. The global jihadists are adding urgency to a debate within Islam over how religion should shape government. Growing internal demands for reform around the world and in many Muslim countries also are stimulating this debate. In general, it appears that Muslims are becoming more aware of their Islamic identity, leading to growing political activism. But increased political activism does not necessarily signal a trend towards radicalization. Most Muslims reject the extremist message and the violent agendas of the global jihadists. Indeed, as people of all backgrounds endorse democratic principles of freedom, equality, and the rule of law, they will be able to couple these principles with their religious beliefs, whatever they may be, to build better futures for their communities. In the Islamic world, increased freedoms will serve as a counterweight to a jihadist movement that only promises more authoritarianism, isolation, and economic stagnation.

The threat from extremism and anti-western militancy is especially acute in Iraq. This is a difficult struggle. In looking at the year ahead, I would like to offer a balance sheet approach. Let me begin with some of the challenges pro-democracy Iraqis face before turning to encouraging developments.

Iraqi Sunni Arab disaffection is the primary enabler of the insurgency and is likely to remain high in 2006. In addition, the most extreme Sunni jihadists, such as those fighting with Zarqawi, will continue to attack Iraqis and coalition forces regardless of positive political developments.

Iraqi security forces require better command and control to improve their effectiveness. Although the Kurds and the Shiite were accommodating to the underrepresented Sunnis in 2005, their desire to protect core interests, such as regional autonomy and de-Baathification, could make further compromise more difficult. Prospects for economic development in 2006 are constrained by the unstable security situation, insufficient commitment to economic reform, and corruption.

But there are important encouraging developments in Iraq as well. The insurgents have failed to consolidate any gains from their attacks. To the contrary, they have not been able to establish any lasting territorial control. They were unable to disrupt either of the two national elections held last year or the constitutional referendum. They have not developed a political strategy to attract popular support beyond their Sunni Arab base and they have not shown the ability to coordinate nationwide operations.

In addition, Iraqi security forces are taking on more demanding missions, making incremental progress towards operational independence, and becoming more capable of providing the stability Iraqis deserve and the economy needs in order to grow. Despite obvious efforts by Zarqawi's organization to use attacks on Shiite civilians to bait them into attacking their Sunni countrymen, the vast majority of Shiite have shown restraint. Perhaps most impor-

tantly, large-scale Sunni participation in the last election has provided a first step towards diminishing Sunni support for the insurgency.

After global jihadist terrorism, the ongoing development of WMD constitutes the second major threat to the safety of our Nation, to our deployed troops, and our allies. We are most concerned about the threat and destabilizing effect of nuclear proliferation. We are also concerned about the threat from biological agents or even chemical agents, which would have psychological and possibly political effects far greater than their actual magnitude.

The time when a few states had monopolies over WMD is fading. Technologies, often dual use, move freely in a globalized economy, as do the scientific personnel who design them. It is more difficult for us to track efforts to acquire those widely available parts and production technologies. Yet the potential dangers of WMD proliferation are so grave that we must do everything possible to discover and disrupt it.

With respect to Iran's nuclear program, our concerns are shared by many nations, by the International Atomic Energy Agency (IAEA), and of course Iran's neighbors. These concerns have increased since last summer because Iran has ended the suspension of its nuclear activities. President Ahmadinejad has made numerous unacceptable statements since his election. Hardliners have regained control of all the major branches and institutions of government and the government has become more effective at repressing the nascent shoots of personal freedom that had emerged earlier in the decade.

Iran conducted a clandestine uranium enrichment program for nearly 2 decades in violation of its IAEA safeguards agreement and, despite its claims to the contrary, we assess that Iran seeks nuclear weapons. While Tehran probably does not yet have a nuclear weapon and probably has not yet produced or acquired the necessary fissile material, the danger that it will do so is a reason for immediate concern. Iran has the largest inventory of ballistic missiles in the Middle East, which Tehran views as an integral part of its strategy to deter and, if necessary, retaliate against forces in the region, including United States forces. The integration of nuclear weapons into Iran's ballistic systems would be destabilizing beyond the Middle East.

Like Iran, North Korea threatens international security and is located in a historically volatile region. Unlike Iran, North Korea claims to have nuclear weapons already, a claim that we assess is probably true. Pyongyang sees nuclear weapons as the best way to deter superior U.S. and South Korean forces, to ensure regime security, as a lever for economic gain, and as a source of prestige. Accordingly, North Korea remains a major challenge to global nuclear nonproliferation regimes.

We do not know the conditions under which North Korea would be willing to fully relinquish its nuclear weapons and its weapons programs, nor do we see signs of organized opposition to the regime among North Korea's political or military elite.

A gradual consolidation of democratic institutions is the dominant trend in most of Latin America, where by year's end 10 countries will have held presidential elections. Committed democrats in

countries like Brazil and Chile are promoting economic growth and poverty alleviation and, despite battling persistent insurgent and paramilitary forces, Colombia remains committed to a democratic path.

Nonetheless, radical populist figures in some countries advocate statist economic policies, show little respect for democratic institutions, and employ anti-U.S. rhetoric in trying to appeal to their constituencies. In Venezuela, President Chavez, if he wins reelection later this year, appears ready to use his control of the legislature and other institutions to continue to stifle the opposition and reduce press freedom. He is also spending considerable sums of money involving himself in the political and economic life of other countries in Latin America and elsewhere despite the very real economic development and social needs of his own country, a fact Venezuelans undoubtedly will notice. We expect Chavez to deepen his relationship with Castro and seek closer economic, military, and diplomatic ties with Iran and North Korea.

In Bolivia, the victory of Evo Morales reflects the public's lack of faith in traditional political parties and institutions. Although since his election Morales appears to have moderated earlier promises to nationalize the hydrocarbons industry and cease coca eradication, his administration is sending mixed signals regarding its intentions.

We are also closely monitoring the presidential contests in Peru and Nicaragua.

Lastly, to address China, globalization is causing a shift of momentum in energy to greater Asia, where China has a steadily expanding reach and may become a peer competitor to the United States at some point. Consistent high rates of economic growth, driven by exploding foreign trade, have increased Beijing's political influence abroad and fueled a military modernization program that has steadily increased Beijing's force projection capabilities. Chinese foreign policy is currently focused on the country's immediate periphery, including Southeast Asia and Central Asia, where Beijing hopes to make economic inroads, to increase political influence, and to prevent a backlash against its rise.

China also has been reaching out to the opposition parties on Taiwan and making economic overtures designed to win favor with the Taiwan public, although Beijing still refuses to deal with the elected leader in Taipei. Beijing also has expanded diplomatic and economic interaction with other major powers, especially Russia and the European Union (EU), and has begun to increase its presence in Africa and Latin America. China's military is vigorously pursuing a modernization program, a full suite of modern weapons and hardware for a large proportion of its overall force structure, designs for a more effective operational doctrine at the tactical and theater level, training reforms, and wide-ranging improvements in logistics, administration, financial management, mobilization, and other critical support functions.

Beijing's biggest challenge is to sustain growth sufficient to keep unemployment and rural discontent from rising to destabilizing levels and to maintain increases in living standards. To do this, China must solve a number of difficult economic and legal problems, improve the education system, reduce environmental deg-

radation, and improve governance by combatting corruption. Indeed, China's rise may be hobbled by systemic problems and the communist party's resistance to the demands for political participation that economic growth generates. Beijing's determination to repress real or perceived challenges from dispossessed peasants to religious organizations could lead to serious instability at home and less effective policies abroad.

Senators, that concludes my prepared remarks and I thank you very much for your attention.

[The prepared statement of Ambassador Negroponte follows:]

PREPARED STATEMENT BY HON. JOHN D. NEGROPONTE

Chairman Warner, Ranking Member Levin, members of the committee, thank you for the invitation to offer the Intelligence Community's (IC) assessment of the threats, challenges, and opportunities for the United States in today's world. I am pleased to be joined today by my colleague, DIA Director LTG Michael Maples.

Let me begin with a straightforward statement of preoccupation: terrorism is the preeminent threat to our citizens, Homeland, interests, and friends. The war on terror is our first priority and driving concern as we press ahead with a major transformation of the IC we represent.

We live in a world that is full of conflict, contradictions, and accelerating change. Viewed from the perspective of the Director of National Intelligence, the most dramatic change of all is the exponential increase in the number of targets we must identify, track, and analyze. Today, in addition to hostile nation-states, we are focusing on terrorist groups, proliferation networks, alienated communities, charismatic individuals, narcotraffickers, and microscopic influenza.

The 21st century is less dangerous than the 20th century in certain respects, but more dangerous in others. Globalization, particularly of technologies that can be used to produce weapons of mass destruction (WMD), political instability around the world, the rise of emerging powers like China, the spread of the jihadist movement, and of course, the horrific events of September 11, 2001, demand heightened vigilance from our IC.

Today, I will discuss:

- Global jihadists, their fanatical ideology, and the civilized world's efforts to disrupt, dismantle and destroy their networks;
- The struggle of the Iraqi and Afghan people to assert their sovereignty over insurgency, terror, and extremism;
- WMD-related proliferation and two states of particular concern: Iran and North Korea;
- Issues of political instability and governance in all regions of the world that affect our ability to protect and advance our interests; and
- Globalization, emerging powers, and such transnational challenges as the geopolitics of energy, narcotrafficking, and possible pandemics.

In assessing these themes, we all must be mindful of the old dictum: forewarned is forearmed. Our policymakers, warfighters, and law enforcement officers need the best intelligence and analytic insight humanly and technically possible to help them peer into the onrushing shadow of the future and make the decisions that will protect American lives and interests. This has never been more true than now with U.S. and coalition forces in Iraq and Afghanistan—and the citizens and fledgling governments they help to protect—under attack. Addressing threats to their safety and providing the critical intelligence on a myriad of tactical and strategic issues must be—and is—a top priority for our IC.

But in discussing all the many dangers the 21st century poses, it should be emphasized that they do not befall America alone. The issues we consider today confront responsible leaders everywhere. That is the true nature of the 21st century: accelerating change affecting and challenging us all.

THE GLOBAL JIHADIST THREAT

Collaboration with our friends and allies around the world has helped us achieve some notable successes against the global jihadist threat. In fact, most of al Qaeda's setbacks last year were the result of our allies' efforts, either independently or with our assistance. Since September 11, 2001, examples of the high level of counterterrorism efforts around the world are many. Pakistan's commitment has enabled some of the most important captures to date. Saudi Arabia's resolve to counter the

spread of terrorism has increased. Our relationship with Spain has strengthened since the March 2004 Madrid train bombings. The British have long been our closest counterterrorism partners—the seamless cooperation in the aftermath of the July 2005 attacks in London reflected that commitment—while Australia, Canada, France, and many other nations remain stout allies. Nonetheless, much remains to be done; the battle is far from over.

Jihadists seek to overthrow regimes they regard as “apostate” and to eliminate U.S. influence in the Muslim world. They attack Americans when they can, but most of their targets and victims are fellow Muslims. Nonetheless, the slow pace of economic, social, and political change in most Muslim majority nations are among the factors that continue to fuel a global jihadist movement. The movement is diffuse and subsumes three quite different types of groups and individuals:

- First and foremost, al Qaeda, a battered but resourceful organization;
- Second, other Sunni jihadist groups, some affiliated with al Qaeda, some not;
- Third, networks and cells that are the self-generating progeny of al Qaeda.

Al Qaeda Remains Our Top Concern

We have eliminated much of the leadership that presided over al Qaeda in 2001, and U.S.-led counterterrorism efforts in 2005 continue to disrupt its operations, take out its leaders and deplete its cadre. But the organization’s core elements still plot and make preparations for terrorist strikes against the homeland and other targets from bases in the Pakistan-Afghanistan border area; they also have gained added reach through their merger with the Iraq-based network of Abu Mus’ab al-Zarqawi, which has broadened al Qaeda’s appeal within the jihadist community and potentially put new resources at its disposal.

Thanks to effective intelligence operations, we know a great deal about al Qaeda’s vision. Zawahiri, al Qaeda’s number two, is candid in his July 2005 letter to Zarqawi. He portrays the jihad in Iraq as a stepping-stone in the march toward a global caliphate, with the focus on Egypt, Syria, Jordan, Lebanon, Saudi Arabia, the Gulf States, and Israel. Zawahiri stresses the importance of having a secure base in Iraq from which to launch attacks elsewhere, including in the U.S. Homeland.

In Osama bin Laden’s audio tape of late January 2005, al Qaeda’s top leader reaffirms the group’s commitment to attack our Homeland and attempts to reassure supporters by claiming that the reason there has been no attack on the U.S. since 2001 is that he chose not to do so. The subsequent statement by Zawahiri is another indication that the group’s leadership is not completely cutoff and can continue to get its message out to followers. The quick turnaround time and the frequency of Zawahiri statements in the past year underscore the high priority al Qaeda places on propaganda from its most senior leaders.

Attacking the U.S. Homeland, U.S. interests overseas, and U.S. allies—in that order—are al Qaeda’s top operational priorities. The group will attempt high-impact attacks for as long as its central command structure is functioning and affiliated groups are capable of furthering its interests, because even modest operational capabilities can yield a deadly and damaging attack. Although an attack using conventional explosives continues to be the most probable scenario, al Qaeda remains interested in acquiring chemical, biological, radiological, and nuclear materials or weapons to attack the United States, U.S. troops, and U.S. interests worldwide.

Indeed, today, we are more likely to see an attack from terrorists using weapons or agents of mass destruction than states, although terrorists’ capabilities would be much more limited. In fact, intelligence reporting indicates that nearly 40 terrorist organizations, insurgencies, or cults have used, possessed, or expressed an interest in chemical, biological, radiological, or nuclear agents or weapons. Many are capable of conducting simple, small-scale attacks, such as poisonings, or using improvised chemical devices.

Al Qaeda Inspires Other Sunni Jihadists

The global jihadist movement also subsumes other Sunni extremist organizations, allied with or inspired by al Qaeda’s global anti-western agenda. These groups pose less danger to the U.S. Homeland than does al Qaeda, but they increasingly threaten our allies and interests abroad and are working to expand their reach and capabilities to conduct multiple and/or mass-casualty attacks outside their traditional areas of operation.

Jemaah Islamiya (JI) is a well-organized group responsible for dozens of attacks killing hundreds of people in Southeast Asia. The threat of a JI attack against U.S. interests is greatest in Southeast Asia, but we assess that the group is committed to helping al Qaeda with attacks outside the region.

The Islamic Jihad Union (IJU), which has allied itself with al Qaeda, operates in Central Asia and was responsible for the July 2004 attacks against the U.S. and Israeli Embassies in Uzbekistan.

The Libyan Islamic Fighting Group (LIFG) was formed to establish an Islamic state in Libya, but since the late 1990s it has expanded its goals to include anti-Western jihad alongside al Qaeda. LIFG has called on Muslims everywhere to fight the U.S. in Iraq.

Pakistani militant groups—primarily focused on the Kashmir conflict—represent a persistent threat to regional stability and U.S. interests in South Asia and the Near East. They also pose a potential threat to our interests worldwide. Extremists convicted in Virginia in 2003 of providing material support to terrorism trained with a Pakistani group, Lashkar-i-Tayyiba, before September 11.

New Jihadist Networks and Cells

An important part of al Qaeda's strategy is to encourage a grassroots uprising of Muslims against the West. Emerging new networks and cells—the third element of the global jihadist threat—reflect aggressive jihadist efforts to exploit feelings of frustration and powerlessness in some Muslim communities, and to fuel the perception that the U.S. is anti-Islamic. Their rationale for using terrorism against the U.S. and establishing strict Islamic practices resonates with a small subset of Muslims. This has led to the emergence of a decentralized and diffused movement, with minimal centralized guidance or control, and numerous individuals and small cells—like those who conducted the May 2003 bombing in Morocco, the March 2004 bombings in Spain, and the July 2005 bombings in the U.K. Members of these groups have drawn inspiration from al Qaeda but appear to operate on their own.

Such unaffiliated individuals, groups and cells represent a different threat than that of a defined organization. They are harder to spot and represent a serious intelligence challenge.

Regrettably, we are not immune from the threat of such “homegrown” jihadist cells. A network of Islamic extremists in Lodi, California, for example, maintained connections with Pakistani militant groups, recruited U.S. citizens for training at radical Karachi madrassas, sponsored Pakistani citizens for travel to the U.S. to work at mosques and madrassas, and according to the Federal Bureau of Investigation information, allegedly raised funds for international jihadist groups. In addition, prisons continue to be fertile recruitment ground for extremists who try to exploit converts to Islam.

Impact of Iraq on Global Jihad

Should the Iraqi people prevail in establishing a stable political and security environment, the jihadists will be perceived to have failed and fewer jihadists will leave Iraq determined to carry on the fight elsewhere. But, we assess that should the jihadists thwart the Iraqis' efforts to establish a stable political and security environment, they could secure an operational base in Iraq and inspire sympathizers elsewhere to move beyond rhetoric to attempt attacks against neighboring Middle Eastern nations, Europe, and even the United States. The same dynamic pertains to al-Zarqawi. His capture would deprive the movement of a notorious leader, whereas his continued acts of terror could enable him to expand his following beyond his organization in Iraq much as Osama Bin Laden expanded al Qaeda in the 1990s.

Impact of the Islamic Debate

The debate between Muslim extremists and moderates also will influence the future terrorist environment, the domestic stability of key U.S. partners, and the foreign policies of governments throughout the Muslim world. The violent actions of global jihadists are adding urgency to the debate within Islam over how religion should shape government. Growing internal demands for reform around the world—and in many Muslim countries—further stimulate this debate. In general, Muslims are becoming more aware of their Islamic identity, leading to growing political activism; but this does not necessarily signal a trend toward radicalization. Most Muslims reject the extremist message and violent agendas of the global jihadists. Indeed, as people of all backgrounds endorse democratic principles of freedom, equality, and the rule of law, they will be able to couple these principles with their religious beliefs—whatever they may be—to build better futures for their communities. In the Islamic world, increased freedoms will serve as a counterweight to a jihadist movement that only promises more authoritarianism, isolation, and economic stagnation.

EXTREMISM AND CHALLENGES TO EFFECTIVE GOVERNANCE AND LEGITIMACY IN IRAQ
AND AFGHANISTAN

The threat from extremism and anti-Western militancy is especially acute in Iraq and Afghanistan. In discussing Iraq, I'd like to offer a "balance sheet" to give a sense of where I see things today and what I see as the trends in 2006. Bold, inclusive leadership will be the critical factor in establishing an Iraqi constitutional democracy that is both viable as a nation-state and responsive to the diversity of Iraq's regions and people.

Let me begin with some of these encouraging developments before turning to the challenges:

- The insurgents have not been able to establish any lasting territorial control; were unable to disrupt either of the two national elections held last year or the constitutional referendum; have not developed a political strategy to attract popular support beyond their Sunni Arab base; and have not shown the ability to coordinate nationwide operations.
- Iraqi security forces are taking on more demanding missions, making incremental progress toward operational independence, and becoming more capable of providing the kind of stability Iraqis deserve and the economy needs in order to grow.
- Signs of open conflict between extreme Sunni jihadists and Sunni nationalist elements of the insurgency, while so far still localized, are encouraging and exploitable. The jihadists' heavy-handed activities in Sunni areas in western Iraq have caused tribal and nationalist elements in the insurgency to reach out to the Baghdad government for support.
- Large-scale Sunni participation in the last elections has provided a first step toward diminishing Sunni support for the insurgency. There appears to be a strong desire among Sunnis to explore the potential benefits of political participation.

But numerous challenges remain.

The Insurgency and Iraqi Security Forces

Iraqi Sunni Arab disaffection is the primary enabler of the insurgency and is likely to remain high in 2006. Even if a broad, inclusive national government emerges, there almost certainly will be a lag time before we see a dampening effect on the insurgency. Insurgents continue to demonstrate the ability to recruit, supply, and attack coalition and Iraqi security forces, and their leaders continue to exploit Islamic themes, nationalism, and personal grievances to fuel opposition to the government and to recruit more fighters.

The most extreme Sunni jihadists, such as those fighting with Zarqawi, will remain unreconciled and continue to attack Iraqis and coalition forces.

These extreme Sunni jihadist elements, a subset of which are foreign fighters, constitute a small minority of the overall insurgency, but their use of high-profile suicide attacks gives them a disproportionate impact. The insurgents' use of increasingly lethal improvised explosive devices (IEDs), and the IED makers' adaptiveness to coalition countermeasures, remain the most significant day-to-day threat to coalition forces, and a complex challenge for the IC.

Iraqi security forces require better command and control mechanisms to improve their effectiveness and are experiencing difficulty in managing ethnic and sectarian divides among their units and personnel.

Sunni Political Participation

A key to establishing effective governance and security over the next 3 to 5 years is enhanced Sunni Arab political participation and a growing perception among Sunnis that the political process is addressing their interests. Sunnis will be focused on obtaining what they consider their demographically appropriate share of leadership positions in the new government—especially on the Constitutional Review Commission. Debates over federalism, central versus local control, and division of resources are likely to be complex. Success in satisfactorily resolving them will be key to advancing stability and prospects for a unified country. Although the Kurds and Shiite were accommodating to the underrepresented Sunnis in 2005, their desire to protect core interests—such as regional autonomy and de-Baathification—could make further compromise more difficult.

In the aftermath of the December elections, virtually all of the Iraq parties are seeking to create a broad-based government, but all want it to be formed on their terms. The Shiite and the Kurds will be the foundation of any governing coalition, but it is not yet clear to us whether they will include the main Sunni factions, particularly the Iraqi Consensus Front, or other smaller and politically weaker secular

groups, such as Ayad Allawi's Iraqi National List. The Sunni parties have significant expectations for concessions from the Shiite and Kurds in order to justify their participation and avoid provoking more insurgent violence directed against Sunni political leaders.

Governance and Reconstruction

During the coming year, Iraq's newly elected leadership will face a daunting set of governance tasks. The creation of a new, permanent government and the review of the Constitution by early summer will offer opportunities to find common ground and improve the effectiveness and legitimacy of the central government. There is a danger, however, that political negotiations and dealmaking will prove divisive. This could obstruct efforts to improve government performance, extend Baghdad's reach throughout the country, and build confidence in the democratic political process.

Let me focus on one of those tasks—the economy. Restoration of basic services and the creation of jobs are critical to the well-being of Iraqi citizens, the legitimacy of the new government, and, indirectly, to eroding support for the insurgency. At this point, prospects for economic development in 2006 are constrained by the unstable security situation, insufficient commitment to economic reform, and corruption. Iraq is dependent on oil revenues to fund the government, so insurgents continue to disrupt oil infrastructure, despite the fielding of new Iraqi forces to protect it. Insurgents also are targeting trade and transportation. Intelligence has a key role to play in combating threats to pipelines, electric power grids, and personal safety.

Afghanistan

Like Iraq, Afghanistan is a fragile new democracy struggling to overcome deep-seated social divisions, decades of repression, and acts of terrorism directed against ordinary citizens, officials, foreign aid workers, and coalition forces. These and other threats to the Karzai government also threaten important American interests—ranging from the defeat of terrorists who find haven along the Afghanistan-Pakistan border to the suppression of opium production.

Afghan leaders face four critical challenges: containing the insurgency, building central government capacity and extending its authority, further containing warlordism, and confronting pervasive drug criminality. Intelligence is needed to assist, monitor, and protect Afghan, coalition, and North Atlantic Treaty Organization (NATO) efforts in all four endeavors.

The volume and geographic scope of attacks increased last year, but the Taliban and other militants have not been able to stop the democratic process or expand their support base beyond Pashtun areas of the south and east. Nevertheless, the insurgent threat will impede the expansion of Kabul's writ, slow economic development, and limit progress in counternarcotics efforts.

Ultimately, defeating the insurgency will depend heavily on continued international aid; effective coalition, NATO, and Afghan government security operations to prevent the insurgency from gaining a stronger foothold in some Pashtun areas; and the success of the government's reconciliation initiatives.

WEAPONS OF MASS DESTRUCTION AND STATES OF KEY CONCERN: IRAN AND NORTH KOREA

The ongoing development of dangerous weapons and delivery systems constitutes the second major threat to the safety of our Nation, our deployed troops, and our allies. We are most concerned about the threat and destabilizing effect of nuclear proliferation. We are also concerned about the threat from biological agents—or even chemical agents, which would have psychological and possibly political effects far greater than their actual magnitude. Use by nation-states can still be constrained by the logic of deterrence and international control regimes, but these constraints may be of little utility in preventing the use of mass effect weapons by rogue regimes or terrorist groups.

The time when a few states had monopolies over the most dangerous technologies has been over for many years. Moreover, our adversaries have more access to acquire and more opportunities to deliver such weapons than in the past. Technologies, often dual-use, move freely in our globalized economy, as do the scientific personnel who design them. So it is more difficult for us to track efforts to acquire those components and production technologies that are so widely available. The potential dangers of proliferation are so grave that we must do everything possible to discover and disrupt attempts by those who seek to acquire materials and weapons.

We assess that some of the countries that are still pursuing WMD programs will continue to try to improve their capabilities and level of self-sufficiency over the next decade. We also are focused on the potential acquisition of such nuclear, chemical, and/or biological weapons—or the production technologies and materials nec-

essary to produce them—by states that do not now have such programs, terrorist organizations like al Qaeda and by criminal organizations, alone or via middlemen.

We are working with other elements of the U.S. Government regarding the safety and security of nuclear weapons and fissile material, pathogens, and chemical weapons in select countries.

Iran and North Korea: States of Highest Concern

Our concerns about Iran are shared by many nations, by the IAEA, and of course, Iran's neighbors.

Iran conducted a clandestine uranium enrichment program for nearly 2 decades in violation of its IAEA safeguards agreement, and despite its claims to the contrary, we assess that Iran seeks nuclear weapons. We judge that Tehran probably does not yet have a nuclear weapon and probably has not yet produced or acquired the necessary fissile material. Nevertheless, the danger that it will acquire a nuclear weapon and the ability to integrate it with the ballistic missiles Iran already possesses is a reason for immediate concern. Iran already has the largest inventory of ballistic missiles in the Middle East, and Tehran views its ballistic missiles as an integral part of its strategy to deter—and if necessary retaliate against—forces in the region, including U.S. forces.

As you are aware, Iran is located at the center of a vital—and volatile—region, has strained relations with its neighbors, and is hostile to the United States, our friends, and our values. President Ahmadinejad has made numerous unacceptable statements since his election, hard-liners have control of all the major branches and institutions of government, and the government has become more effective and efficient at repressing the nascent shoots of personal freedom that had emerged in the late 1990s and earlier in the decade.

Indeed, the regime today is more confident and assertive than it has been since the early days of the Islamic Republic. Several factors work in favor of the clerical regime's continued hold on power. Record oil and other revenue is permitting generous public spending, fueling strong economic growth, and swelling financial Reserves. At the same time, Iran is diversifying its foreign trading partners. Asia's share of Iran's trade has jumped to nearly match Europe's 40 percent share. Tehran sees diversification as a buffer against external efforts to isolate it.

Although regime-threatening instability is unlikely, ingredients for political volatility remain, and Iran is wary of the political progress occurring in neighboring Iraq and Afghanistan. Ahmadinejad's rhetorical recklessness and his inexperience on the national and international stage also increase the risk of a misstep that could spur popular opposition, especially if more experienced conservatives cannot rein in his excesses. Over time, Ahmadi-Nejad's populist economic policies could—if enacted—deplete the government's financial resources and weaken a structurally flawed economy. For now, however, Supreme Leader Khamenei is keeping conservative fissures in check by balancing the various factions in government.

Iranian policy toward Iraq and its activities there represent a particular concern. Iran seeks a Shiite-dominated and unified Iraq but also wants the U.S. to experience continued setbacks in our efforts to promote democracy and stability. Accordingly, Iran provides guidance and training to select Iraqi Shiite political groups and weapons and training to Shiite militant groups to enable anti-coalition attacks. Tehran has been responsible for at least some of the increasing lethality of anti-coalition attacks by providing Shiite militants with the capability to build IEDs with explosively formed projectiles similar to those developed by Iran and Lebanese Hizballah.

Tehran's intentions to inflict pain on the United States in Iraq has been constrained by its caution to avoid giving Washington an excuse to attack it, the clerical leadership's general satisfaction with trends in Iraq, and Iran's desire to avoid chaos on its borders.

Iranian conventional military power constitutes the greatest potential threat to Persian Gulf states and a challenge to U.S. interests. Iran is enhancing its ability to project its military power—primarily with missiles—in order to threaten to disrupt the operations and reinforcement of U.S. forces based in the region—potentially intimidating regional allies into withholding support for U.S. policy toward Iran—and raising the costs of our regional presence for us and our allies.

Tehran also continues to support a number of terrorist groups, viewing this capability as a critical regime safeguard by deterring U.S. and Israeli attacks, distracting and weakening Israel, and enhancing Iran's regional influence through intimidation. Lebanese Hizballah is Iran's main terrorist ally, which—although focused on its agenda in Lebanon and supporting anti-Israeli Palestinian terrorists—has a worldwide support network and is capable of attacks against U.S. interests

if it feels its Iranian patron is threatened. Tehran also supports Palestinian Islamic Jihad and other groups in the Persian Gulf, Central and South Asia, and elsewhere.

NORTH KOREA

North Korea claims to have nuclear weapons—a claim that we assess is probably true—and has threatened to proliferate these weapons abroad. Thus, like Iran, North Korea threatens international security and is located in a historically volatile region. Its aggressive deployment posture threatens our allies in South Korea and U.S. troops on the peninsula. Pyongyang sells conventional weapons to Africa, Asia, and the Middle East, and has sold ballistic missiles to several Middle Eastern countries, further destabilizing regions already embroiled in conflict. It produces and smuggles abroad counterfeit U.S. currency, as well as narcotics, and other contraband.

Pyongyang sees nuclear weapons as the best way to deter superior U.S. and South Korean forces, to ensure regime security, as a lever for economic gain, and as a source of prestige. Accordingly, North Korea remains a major challenge to the global nuclear nonproliferation regimes.

GOVERNANCE, POLITICAL INSTABILITY, AND DEMOCRATIZATION

Good governance and, over the long term, progress toward democratization are crucial factors in navigating through the period of international turmoil and transition that commenced with the end of the Cold War and that will continue well into the future. In the absence of effective governance and reform, political instability often compromises our security interests while threatening new democracies and pushing flailing states into failure.

I will now review those states of greatest concern to the United States, framing my discussion within the context of trends and developments in their respective regions.

MIDDLE EAST AND SOUTH ASIA

Middle East

The tensions between autocratic regimes, extremism, and democratic forces extend well beyond our earlier discussion about Iran, Iraq and Afghanistan to other countries in the Middle East. Emerging political competition and the energizing of public debate on the role of democracy and Islam in the region could lead to the opening of political systems and development of civic institutions, providing a possible bulwark against extremism. But the path to change is far from assured. Forces for change are vulnerable to fragmentation and longstanding regimes are increasingly adept at using both repression and limited reforms to moderate political pressures to assure their survival.

We continue to watch closely events in Syria, a pivotal—but generally unhelpful—player in a troubled region. Despite the Syrian military withdrawal from Lebanon last year, Damascus still meddles in its internal affairs, seeks to undercut prospects for an Arab-Israeli peace, and has failed to crackdown consistently on militant infiltration into Iraq. By aligning itself with Iran, the Bashar al-Asad regime is signaling its rejection of the Western world. Over the coming year, the Syrian regime could face internal challenges as various pressures—especially the fallout of the United Nations (U.N.) investigation into the assassination of the former Lebanese Prime Minister—raise questions about President Bashar al-Asad's judgment and leadership capacity.

Syria's exit from Lebanon has created political opportunities in Beirut, but sectarian tensions—especially the sense among Shiite that they are underrepresented in the government—and Damascus's meddling persist. Bombings since March targeting anti-Syria politicians and journalists have fueled sectarian animosities.

Egypt held presidential and legislative elections for the first time with multiple presidential candidates in response to internal and external pressures for democratization. The Egyptian public, however, remains discontented by economic conditions, the Arab-Israeli problem, the U.S. presence in Iraq, and insufficient political freedoms.

Saudi Arabia's crackdown on al Qaeda has prevented major terrorist attacks in the Kingdom for more than a year and degraded the remnants of the terror network's Saudi-based leadership, manpower, access to weapons, and operational capability. These developments, the Kingdom's smooth leadership transition and high oil prices have eased, but not eliminated, concerns about stability.

Hamas's recent electoral performance ushered in a period of great uncertainty as President Abbas, the Israelis, and the rest of the world determine how to deal with

a majority party in the Palestinian Legislative Council that conducts and supports terrorism and refuses to recognize or negotiate with Israel. The election, however, does not necessarily mean that the search for peace between Israel and the Palestinians is halted irrevocably. The vote garnered by Hamas may have been cast more against the Fatah government than for the Hamas program of rejecting Israel. In any case, Hamas now must contend with Palestinian public opinion that has over the years has supported the two-state solution.

SOUTH ASIA

Many of our most important interests intersect in Pakistan. The Nation is at the frontline in the war on terror, having captured several al Qaeda leaders, but also remains a major source of extremism that poses a threat to Musharraf, to the U.S., and to neighboring India and Afghanistan. Musharraf faces few political challenges in his dual role as President and Chief of Army Staff, but has made only limited progress moving his country toward democracy. Pakistan retains a nuclear force outside the Treaty on the Non-Proliferation of Nuclear Weapons and not subject to full-scope IAEA safeguards and has been both recipient and source—via A.Q. Khan's proliferation activities—of nuclear weapons-related technologies. Pakistan's national elections scheduled for 2007 will be a key benchmark to determine whether the country is continuing to make progress in its democratic transition.

Since India and Pakistan approached the brink of war in 2002, their peace process has lessened tensions and both appear committed to improving the bilateral relationship. A number of confidence-building measures, including new transportation links, have helped sustain the momentum. Still, the fact that both have nuclear weapons and missiles to deliver them entails obvious and dangerous risks of escalation.

EURASIA

In Russia, President Putin's drive to centralize power and assert control over civil society, growing state control over strategic sectors of the economy, and the persistence of widespread corruption raise questions about the country's direction. Russia could become a more inward-looking and difficult interlocutor for the United States over the next several years. High profits from exports of oil and gas and perceived policy successes at home and abroad have bolstered Moscow's confidence.

Russia probably will work with the United States on shared interests such as counterterrorism, counternarcotics, and counterproliferation. However, growing suspicions about Western intentions and Moscow's desire to demonstrate its independence and defend its own interests may make it harder to cooperate with Russia on areas of concern to the United States.

Now, let me briefly examine the rest of post-Soviet Eurasia where the results in the past year have been mixed.

Many of the former Soviet republics are led by autocratic, corrupt, clan-based regimes whose political stability is based on different levels of repression; yet, at the same time, we have seen in Georgia, Ukraine, and Kyrgyzstan the emergence of grassroots forces for change.

Central Asia remains plagued by political stagnation and repression, rampant corruption, widespread poverty and widening socio-economic inequalities, and other problems that nurture nascent radical sentiment and terrorism. In the worst, but not implausible case, central authority in one or more of these states could evaporate as rival clans or regions vie for power—opening the door to an expansion of terrorist and criminal activity on the model of failed states like Somalia and, when it was under Taliban rule, Afghanistan.

LATIN AMERICA

A gradual consolidation and improvement of democratic institutions is the dominant trend in much of Latin America. By the year's end, 10 countries will have held presidential elections and none is more important to U.S. interests than the contest in Mexico in July. Mexico has taken advantage of North American Free Trade Agreement (NAFTA) and its economy has become increasingly integrated with the U.S. and Canada. Committed democrats in countries like Brazil and Chile are promoting economic growth and poverty alleviation. Despite battling persistent insurgent and paramilitary forces with considerable success, Colombia remains committed to keeping on a democratic path. Nonetheless, radical populist figures in some countries advocate statist economic policies and show little respect for democratic institutions.

In Venezuela, President Chavez, if he wins reelection later this year, appears ready to use his control of the legislature and other institutions to continue to stifle

the opposition, reduce press freedom, and entrench himself through measures that are technically legal, but which nonetheless constrict democracy. We expect Chavez to deepen his relationship with Castro (Venezuela provides roughly two-thirds of that island's oil needs on preferential credit terms). He also is seeking closer economic, military, and diplomatic ties with Iran and North Korea. Chavez has scaled back counternarcotics cooperation with the U.S.

Increased oil revenues have allowed Chavez to embark on an activist foreign policy in Latin America that includes providing oil at favorable repayment rates to gain allies, using newly created media outlets to generate support for his Bolivarian goals, and meddling in the internal affairs of his neighbors by backing particular candidates for elective office.

In Bolivia, South America's poorest country with the hemisphere's highest proportion of indigenous people, the victory of Evo Morales reflects the public's lack of faith in traditional political parties and institutions. Since his election he appears to have moderated his earlier promises to nationalize the hydrocarbons industry and cease coca eradication. But his administration continues to send mixed signals regarding its intentions.

Haiti's newly elected government has substantial popular support but will face a wide variety of immediate challenges, including reaching out to opponents who question the legitimacy of the electoral process. President-elect Preval's strong backing among the urban poor may improve his chances for reducing the unchecked violence of slum gangs, and the recent renewal for 6 months of the mandate for the U.N. Stabilization Mission will give his administration some breathing room. The perception among would-be migrants that the U.S. migration policy is tough will continue to be the most important factor in deterring Haitians from fleeing their country.

SOUTHEAST ASIA

Southeast Asia includes vibrant, diverse, and emerging democracies looking to the United States as a source of stability, wealth, and leadership. But it is also home to terrorism, separatist aspirations, crushing poverty, ethnic violence, and religious divisions. Burma remains a dictatorship, and Cambodia is retreating from progress on democracy and human rights made in the 1990s. The region is particularly at risk from avian flu, which I will address later at greater length. Al Qaeda affiliated and other extremist groups are present in many countries, although effective government policies have limited their growth and impact.

The prospects for democratic consolidation are relatively bright in Indonesia, the country with the world's largest Muslim population. President Yudhoyono is moving forward to crack down on corruption, professionalize the military, bring peace to the long-troubled province of Aceh, and implement economic reforms. On the counterterrorism side, Indonesian authorities have detained or killed significant elements of Jemaah Islamiya (JI), the al Qaeda-linked terrorist group, but JI remains a tough foe.

The Philippines remains committed to democracy despite political turbulence over alleged cheating in the 2004 election and repeated rumors of coup plots. Meanwhile, Manila continues to struggle with the 35-year-old Islamic and Communist rebellions, and faces growing concerns over the presence of JI terrorists in the south.

Thailand is searching for a formula to contain violence instigated by ethnic-Malay Muslim separatist groups in the far southern provinces. In 2005, the separatists showed signs of stronger organization and more lethal and brutal tactics targeting the government and Buddhist population in the south.

AFRICA

Some good news is coming out of Africa. The continent is enjoying real economic growth after a decade of declining per capita income. The past decade has also witnessed a definite, albeit gradual, trend toward greater democracy, openness, and multiparty elections. In Liberia, the inauguration of Ellen Johnson Sirleaf as President, following a hotly contested multi-party election, was a positive harbinger of a return to democratic rule in a battered nation.

Yet, in much of the continent, humanitarian crises, instability, and conflict persist. Overlaying these enduring threats are the potential spread of jihadist ideology among disaffected Muslim populations and the region's growing importance as a source of energy. We are most concerned about Sudan and Nigeria.

The signing of a Comprehensive Peace Agreement in Sudan last year was a major achievement, but the new Government of National Unity is being tested by the continuing conflict in Darfur, and instability in Chad is spilling over into western Sudan, further endangering humanitarian aid workers and assistance supply lines.

Gains in stabilizing and improving the conditions in Darfur could be reversed if the new instability goes unchecked.

The most important election on the African horizon will be held in spring 2007 in Nigeria, the continent's most populous country and largest oil producer. The vote has the potential to reinforce a democratic trend away from military rule—or it could lead to major disruption in a nation suffering frequent ethno-religious violence, criminal activity, and rampant corruption. Speculation that President Obasanjo will try to change the constitution so he can seek a third term in office is raising political tensions and, if proven true, threatens to unleash major turmoil and conflict. Such chaos in Nigeria could lead to disruption of oil supply, secessionist moves by regional governments, major refugee flows, and instability elsewhere in West Africa.

GLOBALIZATION AND RISING ACTORS

To one degree or another, all nations are affected by the phenomenon known as globalization. Many see the United States as globalization's primary beneficiary, but the developments subsumed under its rubric operate largely beyond the control of all countries. Small, medium, and large states are both gaining and losing through technological and economic developments at a rate of speed unheard of in human history.

Such recalibrations in regional and global standing usually emerge in the wake of war. But globalization isn't a war, even though its underside—fierce competition for global energy reserves, discrepancies between rich and poor, criminal networks that create and feed black markets in drugs and even human beings, and the rapid transmission of disease—has the look of a silent but titanic global struggle.

One major recalibration of the global order enabled by globalization is the shift of world economic momentum and energy to greater Asia—led principally by explosive economic growth in China and the growing concentration of world manufacturing activity in and around it. India, too, is emerging as a new pole of greater Asia's surging economic and political power. These two Asian giants comprise fully a third of the world's population—a huge labor force eager for modern work, supported by significant scientific and technological capabilities, and an army of new claimants on the world's natural resources and capital.

CHINA

China is a rapidly rising power with steadily expanding global reach that may become a peer competitor to the United States at some point. Consistent high rates of economic growth, driven by exploding foreign trade, have increased Beijing's political influence abroad and fueled a military modernization program that has steadily increased Beijing's force projection capabilities.

Chinese foreign policy is currently focused on the country's immediate periphery, including Southeast and Central Asia, where Beijing hopes to make economic inroads, increase political influence, and prevent a backlash against its rise. Its rhetoric toward Taiwan has been less inflammatory since Beijing passed its "anti-secession" law last spring. China has been reaching out to the opposition parties on Taiwan and making economic overtures designed to win favor with the Taiwan public—although Beijing still refuses to deal with the elected leader in Taipei.

Beijing also has expanded diplomatic and economic interaction with other major powers—especially Russia and the EU—and begun to increase its presence in Africa and Latin America.

China's military is vigorously pursuing a modernization program: a full suite of modern weapons and hardware for a large proportion of its overall force structure; designs for a more effective operational doctrine at the tactical and theater level; training reforms; and wide-ranging improvements in logistics, administration, financial management, mobilization, and other critical support functions.

Beijing's biggest challenge is to sustain growth sufficient to keep unemployment and rural discontent from rising to destabilizing levels and to maintain increases in living standards. To do this, China must solve a number of difficult economic and legal problems, improve the education system, reduce environmental degradation, and improve governance by combating corruption.

Indeed, China's rise may be hobbled by systemic problems and the Communist Party's resistance to the demands for political participation that economic growth generates. Beijing's determination to repress real or perceived challenges—from dispossessed peasants to religious organizations—could lead to serious instability at home and less effective policies abroad.

INDIA

Rapid economic growth and increasing technological competence are securing India's leading role in South Asia, while helping India to realize its longstanding ambition to become a global power. India's growing confidence on the world stage as a result of its increasingly globalized business activity will make New Delhi a more effective partner for the United States, but also a more formidable player on issues such as those before the World Trade Organization.

New Delhi seeks to play a key role in fostering democracy in the region, especially in Nepal and Bangladesh, and will continue to be a reliable ally against global terrorism, in part because India has been a frequent target for Islamic terrorists, mainly in Kashmir. India seeks better relations with its two main rivals—Pakistan and China—recognizing that its regional disputes with them are hampering its larger goals on the world stage. Nevertheless, like China, India is using its newfound wealth and technical capabilities to extend its military reach.

On the economic front, as Indian multinationals become more prevalent, they will offer competition and cooperation with the United States in fields such as energy, steel, and pharmaceuticals. New Delhi's pursuit of energy to fuel its rapidly growing economy adds to pressure on world prices and increases the likelihood that it will seek to augment its programs in nuclear power, coal technologies, and petroleum exploration. Like Pakistan, India is outside the nonproliferation treaty.

THREATS TO GLOBAL ENERGY SECURITY

World energy markets seem certain to remain tight for the foreseeable future. Robust global economic expansion is pushing strong energy demand growth and—combined with instability in several oil producing regions—is increasing the geopolitical leverage of key energy producer states such as Iran, Saudi Arabia, Russia, and Venezuela. At the same time, the pursuit of secure energy supplies has become a much more significant driver of foreign policy in countries where energy demand growth is surging—particularly China and India.

The changing global oil and gas market has encouraged Russia's assertiveness with Ukraine and Georgia, Iran's nuclear brinksmanship, and the populist "petrodiplo-macy" of Venezuela's Hugo Chavez. Russia's recent but short-lived curtailment of natural gas deliveries to Ukraine temporarily reduced gas supplies to much of Europe and is an example of how energy can be used as both a political and economic tool. The gas disruption alarmed Europeans—reminding them of their dependence on Russian gas—and refocused debate on alternative energy sources.

Foreign policy frictions, driven by energy security concerns, are likely to be fed by continued global efforts of Chinese and Indian firms to ink new oilfield development deals and to purchase stakes in foreign oil and gas properties. Although some of these moves may incrementally increase oil sector investment and global supplies, others may bolster countries such as Iran, Syria, and Sudan that pose significant U.S. national security risks or foreign policy challenges. For example, in Venezuela, Chavez is attempting to diversify oil exports away from the U.S.

THE SECURITY THREAT FROM NARCOTICS TRAFFICKING

In addition to the central U.S. national security interest in stemming the flow of drugs to this country, there are two international threats related to narcotics: first, the potential threat from an intersection of narcotics and extremism; and second, the threat from the impact of drugs on those ineffective and unreliable nation states about which we are so concerned.

Although the worldwide trafficking-terrorist relationship is limited, the scope of these ties has grown modestly in recent years. A small number of terrorist groups engage the services of or accept donations from criminals, including narcotics traffickers, to help raise operational funds. While the revenue realized by extremists appears small when compared to that of the dedicated trafficking organizations, even small amounts of income can finance destructive acts of terror.

The tie between drug trafficking and extremism is strongest in Colombia and Afghanistan. Both of Colombia's insurgencies and most of its paramilitary groups reap substantial benefits from cocaine transactions. In Afghanistan, the Taliban and Hizb-i Islami Gulbudin gain at least some of their financial support from their ties to local opiates traffickers. Ties between trafficking and extremists elsewhere are less robust and profitable. North African extremists involved in the 2004 Madrid train bombings reportedly used drug income to buy their explosives.

Most major international organized crime groups have kept terrorists at arm's length, although some regional criminal gangs have supplied fraudulent or altered

travel documents, moved illicit earnings, or provided other criminal services to members of insurgent or terrorist groups for a fee.

Narcotics traffickers—and other organized criminals—typically do not want to see governments toppled but thrive in states where governments are weak, vulnerable to or seeking out corruption, and unable—or unwilling—to consistently enforce the rule of law. Nonetheless, a vicious cycle can develop in which a weakened government enables criminals to dangerously undercut the state's credibility and authority with the consequence that the investment climate suffers, economic growth withers, black market activity rises, and fewer resources are available for civil infrastructure and governance.

THE THREAT FROM PANDEMICS AND EPIDEMICS

In the 21st century, our IC has expanded the definition of bio-threats to the U.S. beyond weapons to naturally occurring pandemics. The most pressing infectious disease challenge facing the U.S. is the potential emergence of a new and deadly avian influenza strain, which could cause a worldwide outbreak, or pandemic. International health experts worry that avian influenza could become transmissible among humans, threatening the health and lives of millions of people around the globe. There are many unknowns about avian flu, but even the specter of an outbreak could have significant effects on the international economy, whole societies, military operations, critical infrastructure, and diplomatic relations. Avian flu is not something we can fight alone. An effective response to it is highly dependent on the openness of affected nations in reporting outbreaks where and when they occur. But for internal political reasons, a lack of response capability, or disinclination to regard avian influenza as a significant threat, some countries are not forthcoming. In close coordination with the Department of Health and Human Services, the IC therefore is tracking a number of key countries that are—or could be—especially prone to avian influenza outbreaks and where we cannot be confident that adequate information will be available through open sources. The IC also coordinates closely with the Department of Homeland Security (DHS) and provides input to the National Bio Surveillance Integration System at DHS.

CONCLUSION

Each of the major intelligence challenges I have discussed today is affected by the accelerating change and transnational interplay that are the hallmarks of 21st century globalization. As a direct result, collecting, analyzing, and acting on solid intelligence have become increasingly difficult. To meet these new and reconfigured challenges, we need to work hand-in-hand with other responsible nations. Fortunately, the vast majority of governments in the world are responsible and responsive, but those that are not are neither few in numbers nor lacking in material resources and geopolitical influence.

The powerful critiques of the 9/11 Commission and the WMD Commission, framed by statute in the Intelligence Reform and Terrorism Prevention Act of 2004 and taken to heart by the dedicated professionals of our Intelligence Community, have helped make us better prepared and more vigilant than we were on that terrible day in September 2001. But from an intelligence perspective, we cannot rest. We must transform our intelligence capabilities and cultures by fully integrating them from local law enforcement through national authorities in Washington to combatant commanders overseas. The more thoroughly we do that, the more clearly we will be able to see the threats lurking in the shadow of the future and ward them off.

Thank you very much.

Chairman WARNER. Thank you very much, Mr. Ambassador.

General Maples, do you have some prepared remarks? All statements will be admitted to the record in their entirety.

STATEMENT OF LTG MICHAEL D. MAPLES, USA, DIRECTOR, DEFENSE INTELLIGENCE AGENCY

General MAPLES. Thank you, Senator. I do have prepared remarks. I have prepared a statement to be entered into the record as well, but I would like to highlight a few of the comments.

Chairman WARNER. Please proceed.

General MAPLES. First of all, Mr. Chairman and Ranking Member Levin, thank you very much for the honor and the opportunity to appear with the DNI before this committee today.

It is also my privilege to lead the dedicated men and women of the DIA, outstanding military and civilian personnel who are deployed around the world in support of our warfighters, our defense planners, and our national security policymakers. I would also like to thank the committee for your support to defense intelligence, which I very much appreciate, as do all the members of the military.

Terrorism remains the most significant threat. Despite relative isolation and pressure from counterterrorism operations, the al Qaeda leadership continues to follow both centralized and decentralized approaches to ensure its viability. On the centralized track, the core leadership is attempting to maintain a level of control over strategic planning. On the decentralized track, they are embracing and encouraging actions conducted by like-minded groups that encompass the al Qaeda-associated network.

Other terrorist organizations pose a continuing threat to the United States, to our allies, and to our interests. Lebanese Hizballah remains a threat to U.S. interests and the Revolutionary Armed Forces of Colombia, the FARC, is seeking to escalate terrorist operations, including those against U.S. personnel and facilities. Several terrorist groups, particularly al Qaeda, remain interested in acquiring chemical, biological, radiological, and nuclear weapons.

Turning to Iraq, the insurgency in Iraq is complex and it remains resilient. Insurgent attacks remain focused in Sunni-dominated regions in the northern, central, and western parts of Iraq and IEDs remain the insurgents' preferred method of attack. Sunni Arabs form the core of the insurgency. Insurgent leaders exploit Sunni Arab social, economic, and historical grievances to recruit support. The insurgents are willing to use family, tribal, and professional relationships to advance their agenda.

A smaller number of Iraqi terrorists and foreign fighters contribute to insurgent ranks. Psychologically, this group has a disproportionate impact because of the more spectacular attacks that they conduct. Since last year, tribal and local insurgent dissatisfaction with foreign fighter presence and tactics appears to have grown. However, the tension is localized and has not disrupted the overall strength of the insurgency.

In Iraq, Abu Musab al-Zarqawi and al Qaeda in Iraq remain the major terrorist threat. He has been able to collaborate with disparate Sunni extremist groups and has increasingly attracted Iraqis into his organization, replacing foreign fighters with Iraqi nationals in most of the leadership positions. Coalition forces have significantly impacted al Qaeda in Iraq, killing and capturing several of Zarqawi's closest associates, constricting the flow of personnel, money, material, and degrading operations.

Sunni Arab attitudes are changing as the elite increasingly embrace politics. However, the degree to which this will decrease insurgent violence is not yet clear. Even moderate Sunni Arab leaders see violence as a complement to their political platforms and

are pursuing a dual track policy of political engagement and armed resistance.

In Afghanistan, successful national and provincial legislative elections were held in September 2005. Afghanistan's efforts to disarm private militia groups have steadily progressed over the last year. The expansion of the Afghan national army and police force has allowed the government to stop officially recognizing private militias as serving a legitimate security role.

The Taliban-dominated insurgency remains capable and resilient. In 2005 Taliban and other anti-coalition movement groups increased attacks by 20 percent. Insurgents also increased suicide attacks and more than doubled IED attacks. We judge that the insurgency appears emboldened by perceived tactical successes and will be active this spring.

Pakistan remains key in the global war on terrorism. The Pakistani military continues to conduct operations in the federally administered tribal areas and has increased their capabilities. Pakistani counterterrorism operations temporarily disrupted local safe havens and forced some Taliban and al Qaeda operatives into Afghanistan.

WMD and the means to deliver them continue to mature in a number of countries. Behind global terrorism, they represent our most significant challenge. We believe North Korea continues to produce plutonium for its nuclear weapons. Because of its strong security, nationalistic and economic motivations for possessing nuclear weapons, we are uncertain whether the North Korean government can be persuaded to fully relinquish its program.

We believe Iran is committed to acquiring a nuclear weapon and is currently developing the infrastructure to produce highly enriched uranium and plutonium for that purpose.

One of China's top military priorities is to strengthen and modernize its strategic nuclear deterrent force by increasing its size, accuracy, and survivability. The number of deployed Chinese nuclear-armed theater and strategic systems will increase in the next several years.

States with chemical and biological programs remain a threat to our deployed forces, to our Homeland, and to our national interests. Some states have produced and weaponized agents, where others have not advanced beyond research and development. We believe that Iran maintains offensive chemical and biological weapons capabilities in various stages of development and we assess the Syrian government already has a stockpile of the nerve agent sarin and has apparently tried to develop a more toxic and persistent nerve agent.

Numerous countries continue to improve and expand their ballistic missile forces, presenting us with increasing challenges. China continues to expand and modernize all categories of its ballistic missile forces to increase survivability and warfighting capabilities, to enhance their deterrence value, and to overcome ballistic missile defenses. North Korea continues to invest in its ballistic missile forces for diplomatic advantage, foreign sales, and to defend itself against attack. The Iranian government is developing ballistic missiles capable of striking Tel Aviv and reporting suggests that

Iran is acquiring longer range ballistic missiles capable of reaching Central Europe.

Turning to states of military significance, China's military modernization remains focused on developing or acquiring modern fighter aircraft, a blue water navy, and improved amphibious forces. The People's Liberation Army (PLA) completed its plan to cut 200,000 soldiers from the army, likely freeing resources for other modernization efforts.

North Korean military forces remain capable of initiating an attack on the south, although they appear to be suffering from the country's economic decline.

Iran recently concluded an arms deal with Russia for approximately 30 short-range air defense systems as well as other military hardware. When fully operational, these new systems will increase Iran's defensive capabilities and their ability to deny access to the Persian Gulf.

Finally, many transnational issues will increase in importance to our national security. The revolution in telecommunications and transportation associated with globalization is decreasing distances between nations and instantly connecting like-minded groups and individuals around the world. Numerous states, terrorists and hacker groups, criminal syndicates, and individuals continue to pose a threat to our computer systems. The Chinese PLA continues to study cyberwarfare and is striving toward a doctrine on information warfare. Terrorist groups and extremists are also exploiting the Internet for intelligence collection and propaganda purposes.

The absence of effective organized or responsible governments threatens our national security. Ungoverned or weakly governed states provide safe havens for terrorists, extremist groups, and criminal organizations to operate. Criminal organizations and networks have become increasingly adept at exploiting the global diffusion of sophisticated information, financial, and transportation networks. They are involved in illicit transfers of arms and military technologies, narcotics trafficking, alien smuggling, and cyber and financial crimes.

Let me conclude by stating that our Nation is engaged in a long war against terrorism and violent extremism and we are faced with a multitude of threats that can affect our national security. The defense intelligence professionals will continue to provide information critical to our warfighters, defense planners, and our national security policymakers.

Again, I would like to thank the committee for its support to defense intelligence and I look forward to your questions.

[The prepared statement of General Maples follows:]

PREPARED STATEMENT BY LTG MICHAEL D. MAPLES, USA

INTRODUCTION

Good morning Mr. Chairman, Mr. Ranking Member, and members of the committee. It is my honor and privilege to testify before you today. I am also honored to lead the dedicated men and women of the Defense Intelligence Agency. These outstanding military and civilian intelligence professionals provide our warfighters, defense planners, and national security policymakers with information and knowledge essential to our national security. Many of our young intelligence professionals are executing their missions in remote and dangerous environments. I thank them for their service and the magnificent work they are doing for our Nation. I would also

like to thank you for your continued support for defense intelligence; our capability to focus on potential threats to the Nation is essential. The threat testimony I am about to present represents what we know and judge to be the threats to our country, citizens, allies, and interests around the world today.

The United States faces a variety of complex transnational threats and potential threats from states of concern. My testimony will outline the current threat from global terrorism and the state of the insurgencies in Iraq and Afghanistan. It will highlight the challenges of proliferation of Weapons of Mass Destruction (WMD). Finally, I will discuss developments in states of concern and other transnational issues that present both challenges and opportunities to enhance our national security.

GLOBAL WAR ON TERRORISM

Al Qaeda and Sunni Extremism

Terrorism remains the most significant threat to our Nation. Al Qaeda and its affiliated groups demonstrate adaptability in response to our global war on terrorism. Al Qaeda leaders, Osama bin Laden and Ayman al-Zawahiri, are relatively isolated and under pressure from counterterrorist operations. Once the central banker of the Sunni extremist movement, the al Qaeda leadership has resorted to seeking funds from al Qaeda in Iraq (AQI) to supplement its income.

Despite these problems, the al Qaeda leadership continues to follow both centralized and decentralized approaches to ensure its viability and that of the greater Sunni extremist movement. On the centralized track, the core leadership is attempting to maintain a level of control over strategic plans such as the war in Iraq and another major attack against the U.S. Homeland. On the decentralized track, they are embracing and encouraging terrorist acts by like-minded groups and individuals that encompass the al Qaeda associated movement. These groups include the Jemmah Islamiyah in Southeast Asia, the Group for Salafist Preaching and Combat (GSPC) in Africa, and Ansar al-Islam, in addition to AQI, in Iraq.

In Iraq, al-Zarqawi and the AQI remains the major terrorist threat. He has been able to collaborate with disparate Sunni extremist groups, formalizing ties with some. He has increasingly attracted Iraqis into his organization, replacing foreign fighters with Iraqi nationals in many of AQI's leadership positions. Money, weapons and foreign fighters supporting terrorism move into Iraq, primarily through Syria and Iran. While responsible for less than 5 percent of the overall violence in Iraq, foreign terrorists are responsible for over 90 percent of suicide bombings. Coalition forces have dealt AQI serious blows, killing and capturing several of al-Zarqawi's closest associates, constricting the flow of personnel, money and material in and out of the country and degrading their operations. We are seeing divisions developing between AQI and some Sunni extremist groups.

Iraq appears to be emerging as an al Qaeda platform for launching transnational terrorist attacks. This was borne out by the November hotel bombings and August rocket attack targeting U.S. Navy ships in Jordan.

Al Qaeda will remain engaged in Afghanistan for ideological and operational reasons. Taliban and other anti-coalition militants are adopting al Qaeda tactics in Afghanistan.

Al Qaeda and Sunni extremists maintained a high operational tempo on other fronts in 2005. The trend of attacking civilian targets continued, exemplified by the bombings of London's mass transit system, resort hotels in Egypt, and a theater catering to westerners in Qatar. Al Qaeda publicized these events with an aggressive propaganda campaign featuring video and audio tapes from senior al Qaeda leadership.

Al Qaeda and associated jihadist groups utilize Internet technology for communications and propaganda. Technology, including e-mail, password-protected chat rooms, and websites, is used to communicate and reinforce jihadist ideology and promote anti-U.S. sentiment.

Improved security, intelligence, and military cooperation resulted in the killing or capture of key al Qaeda operatives and degraded al Qaeda logistical networks. Effects of these global war on terror successes are most evident in the notable downturn in terrorist attacks in Saudi Arabia and the absence of another attack against the U.S. Homeland.

Other Terrorist Groups

Other terrorist organizations also pose a continuing threat to the U.S., our allies and interests. Lebanese Hizballah remains primarily focused on Lebanon and anti-Israel operations. The group is avoiding open conflict with the U.S.

The Revolutionary Armed Forces of Colombia (FARC) is seeking to escalate terrorist operations, including against U.S. interests. The FARC may be motivated to target U.S. personnel and facilities because it likely perceives that U.S. aid is fundamental to the Colombian government's counterinsurgency and counterterrorism successes.

CBRN Terrorism

Several terrorist groups, particularly al Qaeda, remain interested in chemical, biological, radiological, and nuclear (CBRN) weapons. Al Qaeda's stated intention to conduct an attack exceeding the destruction of September 11 raises the possibility that future attacks may involve unconventional weapons.

MANPADS—Threat to Civil Aviation

Proliferation of manportable air defense systems (MANPADS) to non-state groups increases the likelihood of terrorist attacks against civilian and military aircraft worldwide. MANPADS are inexpensive, easy to transport, conceal and use, and are proven effective. While we have no indications of an imminent attack against commercial aircraft in the U.S., one could occur with little or no warning.

Islamic World

Across several Islamic states, positive public opinion toward al Qaeda, Osama bin Laden and Sunni extremism has waned, according to polling. However, we have seen only a modest decline in financial support and recruitment to Sunni extremist groups. Popular backlashes were observed in Iraq and Jordan in response to the most brutal al Qaeda tactics, including hostage beheadings and attacks on civilians, Shiite, and public facilities, such as the bombing of western hotels in Amman, Jordan.

Public opinion of the U.S. improved in some predominantly Muslim states, especially those in Asia, following our assistance to tsunami victims. Public attitudes toward the U.S. and Western countries in Pakistan improved following their assistance to earthquake victims in Kashmir last fall. Nevertheless, favorable opinions of the U.S. in many Muslim states remain low and are susceptible to changing events.

Several Muslim countries have made political and economic reforms, increasing democratic practices, addressing corruption, economic underdevelopment and poor services to rapidly expanding populations. However, much more needs to be done. These continuing problems will be a source of instability and extremism in many Muslim countries for years to come. This could result in continuing challenges to U.S. security interests.

The burgeoning population of European Muslims is resulting in social tension over immigration and integration, leading some to voice discontent through extremism and violence. Extremism has spread primarily through radical clerics, the Internet, and prisons. European countries are struggling to find ways to solve the economic and social problems that their Muslim populations face.

Saudi Arabia

Saudi Arabian counterterrorism efforts over the past year appear to have degraded terrorist capabilities within the kingdom. In 2005, only two terrorist attacks occurred compared to 15 significant attacks in 2004.

Pakistan

Pakistan remains key in the global war on terror. The Pakistan military continues to conduct operations in the federally Administered Tribal Areas. Pakistani counterterrorism operations temporarily disrupted local safe-havens and forced some Taliban and al Qaeda operatives into Afghanistan, making them vulnerable to coalition operations.

CONFLICT IN IRAQ

The insurgency in Iraq is complex, yet remains strong, and resilient. In January 2006, attacks averaged approximately 70 per day compared with approximately 90 attacks per day during the same period in 2005 and 25 in 2004. Attacks declined after the January 2005 elections, but crept upward to an all-time high of 99 per day in October. Insurgent attacks remain focused in Sunni-dominated regions in northern, central and western Iraq. Improvised explosive devices (IEDs) remain the insurgents' preferred method of attack.

Reporting indicates sectarian violence is increasing; however, quantifying the trend is difficult. The elections appear to have heightened tension and polarized sectarian divides. The perception of sectarian violence is increasing in both Sunni and Shiite areas. We continue to see a rise in AQI-led attacks against Shiites and their religious shrines.

Sunni Arabs form the core of the insurgency. Insurgent leaders exploit Sunni Arab social, economic, historical and religious grievances to recruit both active and tacit support. With over a million Sunni Arab military-aged males in Iraq, insurgents have little difficulty mobilizing enough fighters and support to sustain current levels of violence. Few are motivated by Baathism, but insurgents are willing to use familial, tribal and professional relationships established during the former regime to advance their agenda. Networks based on these relationships remain the greatest long-term threat to stability in Iraq.

A smaller number of Iraqi terrorists and foreign fighters contribute to insurgent ranks. Psychologically, they have a disproportionate impact because of their spectacular attacks. Sunni Arab leaders hold no influence over foreign terrorists such as al Qaeda in Iraq. Since last year, tribal and local insurgent dissatisfaction with foreign fighter presence and tactics appears to have grown. However, tension is localized and has not disrupted the overall strength of the insurgency.

Security remains the most urgent issue facing the majority of Iraqis. Many elements of Iraqi security forces are loyal to sectarian and party interests. Insurgents have infiltrated some units. Nationwide opposition to coalition presence persists. Many Iraqis in Sunni Arab cities, where the insurgency is strongest, have confidence in the eventual success of "armed national resistance." Most Iraqis consider those who perpetrate violence against civilians to be "criminals" or "terrorists," but those who attack the coalition as "patriots."

Sunni Arab attitudes are changing as the elite increasingly embrace politics; however, the degree to which this will decrease insurgent violence is not yet clear. Even moderate Sunni Arab leaders see violence as a complement to their political platforms and are pursuing a "dual track" policy of political engagement and armed resistance. Other segments of the insurgency are irreconcilable and continue to stage attacks regardless of the political conditions.

Increased Sunni Arab representation in the Council of Representatives could foster consensus policies and decisions. However, the new government will face many of the same challenges as its predecessor. Crime and corruption are major problems exacerbating the security situation. The economy is also a major factor; unemployment and provision of basic services will not likely improve in the near-term.

The degree to which Shiite and Kurdish leaders accommodate Sunni Arab demands on core issues like federalism and de-Baathification is key to success in Iraq. Absent an effective engagement strategy designed to foster comprehensive reconciliation, Sunni Arab elites have little cause to support the rebuilding of Iraq. Many Sunni Arab leaders view the current political solutions as predicated on perpetual minority status in a Shiite-Kurd dominated government. So long as Sunni Arabs are denied access to resources and lack a meaningful presence in government, they will continue to resort to violence.

CONFLICT IN AFGHANISTAN

Afghanistan held successful national and provincial legislative elections in September 2005, following the previous year's successful Presidential election. While neither pro-government nor opposition elements gained a majority in the new National Assembly, President Karzai's supporters appear to constitute the largest single voting bloc.

Afghanistan's efforts to disarm private militia groups have steadily progressed over the last year. The expansion of the Afghan National Army and police force has allowed the government to stop officially recognizing private militias as serving a legitimate security role.

Despite significant progress on the political front, the Taliban-dominated insurgency remains a capable and resilient threat. In 2005, Taliban and other anti-coalition movement groups increased attacks by 20 percent over 2004. Insurgents also increased suicide attacks almost four-fold, more than doubled IEDs attacks and increasingly used beheadings to terrorize the local population. This more active enemy will continue to negatively impact Afghan government and international efforts to create a stable Afghanistan. We judge insurgents now represent a greater threat to the expansion of Afghan government authority than at any point since late 2001, and will be active this spring.

The thriving narcotics trade also poses a significant threat to Afghanistan's progress. Narcotics production is corroding the country's developing institutions and distorting the licit economy. The narcotics trade has provided Afghan warlords, militia commanders, and corrupt government officials with substantial revenue and enabled the insurgency to operate in regions of southern and northeastern Afghanistan.

The Karzai government has a multi-faceted strategy to curbing narcotics production. Kabul's counternarcotic strategy includes interdiction, alternative development, public awareness, poppy reduction, law enforcement and judicial reform, drug treatment, and regional cooperation. Two counternarcotics forces, stood up by Kabul in 2004, seized metric-ton quantities of opiates during various operations over the last 18 months. Kabul also launched a new judicial task force this year to prosecute narcotics traffickers, and extradited a major narcotics dealer to the United States.

WEAPONS OF MASS DESTRUCTION

WMD and the means to deliver them continue to mature in a number of countries, posing a significant threat to our Homeland, allies, deployed forces, and international interests. Behind global terrorism, they represent the most significant threat we face.

Nuclear

We believe that North Korea continued to produce plutonium for its nuclear weapons program from its 5-Megawatt Yongbyon reactor in 2005. However, we do not know with certainty that North Korea has any nuclear weapons. Additionally, activity at the Yongbyon 50-megawatt reactor suggests Pyongyang is seeking to convince Washington it will follow through on threats to resume construction on this unfinished nuclear reactor, adding another source for weapons-grade plutonium.

We believe Iran is committed to acquiring a nuclear weapon and is currently developing its nuclear infrastructure, which could produce highly enriched uranium and plutonium for that purpose. Despite a suspension agreement with the EU-3 and a noncompliance finding at the September 2005 IAEA Board of Governors meeting, the Iranian government broke with the Paris Accord and resumed activities at its uranium conversion and centrifuge research and development facilities.

One of China's top military priorities is to strengthen and modernize its strategic nuclear deterrent force by increasing its size, accuracy and survivability. It is likely the number of deployed Chinese nuclear-armed theater and strategic systems will increase in the next several years. China currently has more than 100 nuclear warheads. We believe China has sufficient fissile material to support this growth.

We believe that India and Pakistan also continue expanding and modernizing their nuclear weapon stockpiles. Pakistan has also developed the capability to produce plutonium for potential weapons use.

Chemical and Biological Weapons

States with chemical and biological programs remain a threat to our deployed forces, Homeland, and interests. Some states have produced and weaponized agents whereas others have not advanced beyond research and development. For example, we believe that Iran maintains offensive chemical and biological weapons capabilities in various stages of development. We believe Syria already has a stockpile of the nerve agent sarin and apparently has tried to develop a more toxic and persistent nerve agent. We also believe the Syrian government maintains an offensive biological weapons research and development program.

Ballistic Missiles

China continues to expand and modernize its ballistic missile forces to increase their survivability and warfighting capabilities, enhance their coercion and deterrence value and overcome ballistic missile defenses. Beijing is developing a new submarine launched ballistic missile (SLBM), the 8,000+ kilometer range JL-2. China has begun flight testing all these systems, which likely will be ready for deployment later this decade. China continues to develop new short, medium, and intermediate ballistic missiles and has fielded numerous short-range ballistic missiles to brigades near Taiwan.

North Korea continues to invest in its ballistic missile forces for diplomatic advantage, foreign sales and to defend itself against attack. During 2005, a new solid-propellant short-range ballistic missile was tested, and Pyongyang is likely developing intermediate-range ballistic missile (IRBM) and intercontinental ballistic missile (ICBM) capabilities.

Overall numbers of Russian strategic ballistic missiles continue to decline. Nevertheless, Russian leaders are committed to maintaining these forces as a credible nuclear deterrent and symbol of great power status. Russia has flight-tested a new SLBM, the Bulava-30. Russia continues development of the SS-27 and is developing and fielding maneuvering missiles and payloads to help defeat ballistic missile defenses.

Iran continues work on its ballistic missile programs. Tehran is developing ballistic missiles to target Tel Aviv and press reporting suggests Iran is acquiring longer-range ballistic missiles capable of striking Central Europe.

India and Pakistan maintain aggressive ballistic missile programs. India flight tested a SLBM for the first time in spring 2005. Pakistan is developing a new medium-range ballistic missile (MRBM).

Cruise Missiles

The threat to deployed U.S. forces and our allies posed by cruise missiles, which include land-attack cruise missiles, lethal unmanned aerial vehicles (UAV), and anti-ship cruise missiles, is expected to increase through 2010. Several countries began or continued to develop and produce new land attack cruise missiles and/or anti-ship cruise missiles in 2005. Advancements in technology will increase the difficulty in countering modern anti-ship cruise missiles. Several anti-ship cruise missiles will have a secondary land-attack capability. New land attack cruise missiles and lethal UAVs entering service, as well as their proliferation, will increase the threat to land-based assets.

OTHER STATES OF CONCERN

Iran

Tehran will back the emerging Iraqi government to ensure a non-threatening, stable neighbor, while thwarting any U.S. and coalition interest to extend operations into Iran.

Tehran maintains relationships with numerous Iraqi Shiite factions, and will maintain its support for Iraqi Shiite elements working in contrast to coalition goals. We believe Iran has provided lethal aid to Iraqi Shiite insurgents. In addition to supporting Iraqi elements, Iran will continue to support Lebanese Hizballah and Palestinian rejectionist groups in the region, posing a threat to U.S. interests.

Iran's military developments have centered on its ballistic missile program, which Tehran views as its primary deterrent. Over the past year, Iran continued testing its MRBM and also tested anti-ship missiles. Iran recently concluded a deal with Russia for approximately 30 short-range air defense systems, as well as other military hardware. When these systems become fully operational, they will significantly enhance Iran's defensive capabilities and ability to deny access to the Persian Gulf through the Strait of Hormuz.

Syria

The Syrian government has somewhat improved security along the Iraq border and increased arrests of foreign fighters and al Qaeda elements. Nevertheless, Syria remains the primary transit route for Iraq-bound foreign fighters and is a safe-haven for Iraqi Baathists and other former regime elements.

Damascus continues to support Lebanese Hizballah and provide several Palestinian rejectionist groups safe-haven.

Syria continues to make some improvements to its conventional forces, but did not make any major weapons acquisitions in 2005.

North Korea

Persuading North Korea to follow through on its September 2005 pledge to abandon all its nuclear weapons programs is a significant challenge for the U.S. and the other Six-Party Talks participants. We expect the North will employ tactics at future talks to maximize its own economic benefit and minimize what it must yield.

While Pyongyang appears intent on continuing the current North-South dialogue, it maintains a military force of approximately 1 million personnel. The majority are deployed close to the South Korean border.

North Korean military forces continue to suffer the consequences of the North's economic decline, but remain capable of initiating an attack on South Korea. North Korea's large force provides the regime with an effective deterrent against the more prosperous and modern South and the self-perceived option of employing threats and bravado to influence policy in Washington and Seoul.

China

China's military modernization remains focused on developing or acquiring modern fighter aircraft, a blue-water navy, and improved amphibious forces. The People's Liberation Army (PLA) completed its plan to cut 200,000 soldiers from the Army, likely freeing resources for other modernization efforts. The PLA is also emphasizing counterterrorism, domestic security and maritime deployments. China's announced defense budget in 2005 was approximately \$30 billion, continuing a trend of double digit increases.

Eventual unification with Taiwan remains a national goal. Chinese efforts to strengthen its economy, enhance its international influence, and increase military capabilities will better enable it to isolate and undermine pro-separation political forces on Taiwan.

China will continue to be instrumental in resolving the North Korean nuclear issue. Over the past year, Beijing played a constructive role in facilitating the Six-Party Talks process.

China's global engagement has become more active. Beijing's need to sustain economic development and gain access to markets, raw materials and resources, as well as its desire to build global influence and limit Taiwan's international contacts, is driving this activity. Moscow remains an important strategic and military partner for Beijing. Last summer's Sino-Russia military exercise involved air, naval, amphibious and ground operations.

China's energy demands, particularly petroleum, have risen sharply. China is the world's second largest consumer and third largest importer of oil. Economic growth will ensure this trend continues. In response, Beijing has launched a worldwide search to address petroleum requirements, investing in oil sectors of regimes like Sudan and Iran.

Russia

Despite an improving economy, Moscow has not addressed difficult domestic problems that will limit the scale and scope of military recovery. Russia faces increasingly negative demographic trends, a smaller number of draft-age males and worsening public health problems.

Central Asian States

All five Central Asian regimes—Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan—operate under varying degrees of authoritarian leadership, repression and corruption. Each will continue to face internal stability challenges in coming years, primarily due to poor governance, porous borders, crime, corruption, unemployment, and poverty. If living standards and governance fail to improve, the spread of Islamic extremism could pose a further threat to stability.

All Central Asian states will continue to voice support for the global war on terror, but fears of western support for local democratic movements will hinder co-operation. Basing and overflight rights for coalition forces supporting Operation Enduring Freedom (OEF) will likely continue to be granted on a case-by-case basis.

Venezuela

Increased oil revenue has allowed Venezuela to pursue an ambitious military modernization program to include the purchase of additional transport and maritime surveillance aircraft, surface ships, and helicopters. Venezuela is considering acquiring additional advanced fighter aircraft and submarines. Once integrated, the new equipment will significantly increase Venezuela's military capabilities.

We judge President Chavez's strategic objectives include undermining U.S. regional influence and unifying Latin America under his Bolivarian leftist ideology. While curtailing ties with the U.S., President Chavez has sought to expand military and commercial ties with Cuba, China, Iran, and Russia, and has intensified efforts to influence some regional governments by offering preferential oil deals.

TRANSNATIONAL ISSUES

Many transnational issues will increase in importance to our national security, providing us both challenges and opportunities in the next 10 to 15 years and beyond. The revolution in telecommunication and transportation associated with globalization is decreasing distances between nations and instantly connecting like minded groups and individuals around the world. There clearly are many economic, political, and cultural benefits to these developments. However, these same developments present us numerous challenges. This section highlights several of those issues, in addition to the more traditional ones of Global Defense Spending and Space and Space Denial Systems.

Information Operations

Numerous states, terrorist and hackers groups, criminal syndicates, and individuals continue to pose a threat to our computer systems. States represent the greatest threat. The Chinese PLA, for instance, is striving toward a doctrinal Information Warfare capability. Many other nations are using computer network operations for intelligence collection. Terrorist groups are exploiting the Internet for intelligence collection, command, control, and communications, and propaganda purposes. Over

the last few years, hackers have exploited thousands of DOD systems. Attribution has remained elusive with identities established in only a few cases.

New Ungoverned or Weakly Governed States

The absence of effective, organized, or responsible governments threatens our national security. Ungoverned or weakly governed states provide safe-havens for terrorists, extremist groups and criminal organizations to operate with anonymity and impunity. Our challenge will be to understand the conditions leading to such governance failure, enabling us to act with regional allies to help avert the development of these extremist safe havens before they emerge.

International Crime

Criminal organizations and networks have become increasingly adept at exploiting the global diffusion of sophisticated information, financial, and transportation networks. Criminal organizations are involved in illicit transfers of arms and military technologies, narcotics trafficking, alien smuggling, cyber and financial crimes. Depending on whether governments with WMD capabilities can or will control such weapons and materials, the risk could increase that organized criminal groups will traffic in nuclear, biological, or chemical weapons.

Natural Disasters and Pandemics

Natural disasters present humanitarian and security challenges for affected governments and the international community. Poor responses can destabilize governments. Conversely, rapid and effective relief operations can enhance domestic and international standing. Examples include the favorable responses to Thailand, Indonesia, and India after the 2004 Asian tsunami, as well as the positive response our own government received for assistance offered to Asian states. Disaster response can even serve as an opportunity to resolve disputes; the Indonesian government worked with indigenous insurgent groups after the tsunami.

Pandemics also pose security challenges. Currently the H5N1 avian influenza virus is of concern. Although primarily a bird disease, nearly 170 humans have been infected since 2003, with over half dying. If H5N1 begins spreading easily among people, a highly lethal pandemic could emerge, causing significant economic and humanitarian losses. The virus is endemic in Southeast Asia but has been detected in Central Asia, Africa, Russia, and both Western and Eastern Europe. Many countries cannot identify outbreaks and countries such as North Korea and Russia may withhold outbreak information, fearing the political and economic impact of full disclosure.

Oil and Water Resources

Growing populations and economies in many industrializing nations and other countries are placing strains on natural resources, increasing the potential for conflict and instability. While oil prices have stabilized, the prospect of higher prices continues to threaten global economic expansion, encourage instability and provide increased revenue for several regimes often hostile to our interests. Oil production will remain stretched thin over the next several years, sustaining market pressure and limiting the ability to quickly respond to major supply shortfalls.

Competition over water resources may also become a catalyst for conflict in regions where population and economic expansion increase water demand. Disputes over water will likely exacerbate existing tensions in many parts of the world such as the Middle East, North Africa, Sub-Saharan Africa, South Asia, and Southeast Asia.

Global Defense Spending

Several transnational issues pose both short-term and long-term challenges to the U.S. Non-U.S. global defense spending has remained relatively steady the past 2 years, amounting to an estimated \$680 billion in 2005. China and Russia, ranked one and two respectively, each accounting for approximately \$82 billion. The top 10 countries account for two-thirds of total spending or about \$450 billion. Asia, led by China, is the only region showing consistent growth in defense spending. Additionally, Russia and Venezuela are the only major petroleum producers who have consistently used their oil revenues to fund military modernization and expansion programs.

Russia, China, and North Korea are of particular concern as proliferators of conventional weapons and military technology. Russia remains the largest exporter of military equipment behind the United States, selling approximately \$5.4 billion in 2004 and \$4.6 billion in 2005 of advanced weapons and military related technology. Items include modern aircraft, ground equipment, major surface combatants and submarines, ballistic and cruise missiles, advanced air defense systems, and sophis-

ticated communication and radar systems. We expect Russian sales to average between \$4 to \$6 billion annually for the immediate future. China is emerging as a leading arms exporter with sales averaging almost \$800 million annually. India is another nation that could become a proliferator of advanced conventional weapons. New Delhi and Moscow have been jointly developing and aggressively marketing a supersonic anti-ship cruise missile.

Space and Space-Denial Capabilities

Although Russia and China are the primary states of concern regarding military space and space-denial programs, the increasing availability of space technology, products, and services is providing other countries with selective capabilities in key areas. Worldwide, this availability is fueled by the proliferation of advanced satellite technologies, including small satellite systems, and increased cooperation and activity among nation-states and space-related consortia. These developments provide some countries new or more capable communications, reconnaissance, and targeting capabilities as most space systems have dual-use, military-civilian applications.

Several countries are developing capabilities which threaten U.S. space assets. Some countries already have fielded systems with inherent anti-satellite capabilities, such as satellite-tracking laser range-finding devices and nuclear-armed ballistic missiles. A few countries have programs seeking improved space object tracking and kinetic or directed energy weapons capabilities. However, researching these technologies is expensive and most are not expected to be widely available within the next few years. Other state and non-state entities are pursuing more limited and asymmetric approaches which do not require extensive resources or a high-tech industrial base. These efforts include denial and deception, electronic warfare or signal jamming, and ground segment physical attack.

CONCLUSION

Our Nation is engaged in a long war against terrorism and violent extremism, and we are faced with a multitude of that can affect our national security interests. Defense intelligence professionals will continue to provide the necessary information to our warfighters, defense planners and national security policymakers. Providing support to our soldiers, sailors, airmen, and marines engaged in the global war on terrorism and insurgencies in Iraq and Afghanistan is our first priority. We are focusing considerable resources to help prevent or counterproliferation of WMD. We must also monitor states of concern and other transnational issues. Developments in these areas provide the potential for future challenges and opportunities to promote our national security. I look forward to your questions.

Chairman WARNER. Thank you very much.

General Hayden, do you have some opening remarks?

General HAYDEN. No, I do not, Mr. Chairman. Thank you.

Chairman WARNER. Thank you. Then we will proceed with the questions. Colleagues, I estimate that with 8 minutes each it will take us almost an hour and a half to get through, but that should enable us to have sufficient time to have a very thorough and in-depth closed session. So we will proceed.

Mr. Ambassador, the use of the word "civil war" in Iraq. Could you give us basically what you would establish as the criteria of the situation transcending from the very high level of insurgency and killing and disruption today into what you would characterize as a civil war? What are the benchmarks that we should look for?

Ambassador NEGROPONTE. I think the benchmarks, among others, Mr. Chairman, would involve complete loss of central government security control, the disintegration or deterioration of the security forces of the country, and of the forces of disorder, such as unauthorized forces that might be bearing arms against the country, getting the upper hand in the situation.

I suppose the political mirror image of that would be some kind of cessation of the political process that was determined by Resolution 1546 3 years ago, and which the Iraqis have carried out step by step every step of the way, from transition from a Coalition Pro-

visional Authority to an interim government to a transitional government and now to a definitive government. I think if that process were to be severely disrupted, I think that would be another one of the indicators.

Chairman WARNER. How do you equate the three levels of really governance in that nation—and I don't order them in any particular preference, but there is the newly elected government, which is ever so slowly coming into being. As pointed out I think by Senator Levin, the assembly, that is the 275 elected representatives, still have not met yet; is that correct?

Ambassador NEGROPONTE. That is correct, yes.

Chairman WARNER. Therefore that process is indeterminate in how it goes along.

The next really level of governance and influence are the religious leaders. Of recent they have responded to this immediate crisis in the aftermath of the regrettable bombing of the Golden Dome Mosque. Now, they have a great deal of influence and they are exerting that influence, I think, to forestall any further disruption of a magnitude of a civil war. Lastly is the tribal authority still has a great deal of influence.

Sort of characterize the three levels as you see them and the degree of their influence?

Ambassador NEGROPONTE. With respect to the first, the government, you are right to point out that the new government has not been formed as yet, Mr. Chairman, but the old government still exists, of course, and is functioning and will function until such time as the new government is formulated.

I think that as important as that was the fact that in the course of this crisis of the past several days the political leaders of the country, both in the government and outside of it, representing all of the different factions—Shiite, Sunni, Kurdish, and others—have come together, I think in part as a result of the horrific events of the last week.

Chairman WARNER. I concur in that observation.

Ambassador NEGROPONTE. Second, with respect to the religious leadership of the country, I think that by and large they have been a force for restraint. Certainly the Ayatollah Sistani, the leader of, the Grand Ayatollah of the Shiite movement in Iraq, has played a moderating role I think throughout the course of the past 3 years and I think he continued to play it during this crisis. So I think there also we have seen a constructive role played by the religious community.

As to the tribal elements, they are one of a number of other political factors at work in that country. I am afraid I do not know specifically what role they may have played in this most recent crisis. But I think the government and the religious community have been the most important.

Chairman WARNER. They have played a constructive role thus far.

General Maples, do you concur with the current assessment that civil war is not there yet, but that it is just beneath the surface?

General MAPLES. Yes, sir, I do. I believe that the underlying conditions are present, but that we are not involved in a civil war at this time.

Chairman WARNER. What would be the role of our U.S. forces in the event that civil war were to erupt?

General MAPLES. Sir, that will be decided, of course, by the commanders on the scene.

Chairman WARNER. By the on-scene commanders.

General MAPLES. Yes, sir.

Chairman WARNER. But clearly you have some view as to what participation or nonparticipation the border nations might take. Let us start with Iran. What are they likely to do? Would they seal their borders or begin to have a more porous—put in supplies needed for presumably the Shiite faction?

General MAPLES. Sir, we do believe that Iran is supporting the Shiite currently. We would expect that that would probably continue, although we would assess that it is not in Iran's interest to see a full-scale civil war in Iraq and that they would probably act to avoid that.

Chairman WARNER. They are not likely to send any of their active forces in?

General MAPLES. No, sir, we do not see that at all.

Chairman WARNER. What about Syria?

General MAPLES. Sir, we do not see any movement on Syria's part either to send forces into Iraq.

Chairman WARNER. And Jordan?

General MAPLES. No, sir.

Chairman WARNER. Saudi Arabia?

General MAPLES. Sir, we would not expect that.

Chairman WARNER. So if this escalates to the proportions of civil war, the bordering nations probably will do whatever is in their self-interest, but not likely to get heavily engaged; is that correct?

General MAPLES. Sir, I would concur with that.

Chairman WARNER. General Hayden, on the question of China, a nation has a right to establish that level of military strength to protect itself, its own national security. But in the judgment of many, including myself, I think that they are creating a military force far beyond what is needed to protect their own security interests and it is most likely to try and project influence and perhaps even force elsewhere in the region.

Do you have a view on that?

General HAYDEN. Yes, sir, Senator. There are a variety of factors involved. As you suggest, it is one of the most fascinating aspects of looking at Chinese actions. As we see the pieces, we then try to create parallax from those pieces back to what is generating each and every step. I think you have laid it out fairly well. I think there are multiple motivations. There are some very specific concrete things they do across the Taiwan Straits that seem to us to be directly related to the circumstances there.

There are, I think and as the Ambassador pointed out in his remarks, this expansion of influence regionally. In addition, and this is the one that is toughest for us to measure, there seem to be some things they are doing—how to put it—because they are doing it; that they have this perception, there is almost a momentum in Chinese thinking that great powers—and they clearly want to be viewed as a great power—need certain things, and they are not necessarily tied to a specific military event, either proposed or ex-

pected, but simply become the trappings of, I will use the word, their global legitimacy.

Our challenge is to try to shred out the motivation of these different steps they are taking.

Chairman WARNER. Good, thank you.

In the coming weeks we are likely to see the Army Field Manual on Interrogation is expected to be released. The Senate of course established through a vote, and the House joined us, the uniform standards will be set forth in this manual. I would like to have on the record: Did both your organizations, Ambassador Negroponte and General Maples, have a voice in the formation of the Army Field Manual that will be released next week, and did you do it, of course, from the perspective of preserving the very valuable information that sometimes can be derived from incarceration of the adversaries?

Ambassador NEGROPONTE. I would concur with you, Senator, on the value of interrogating detainees and the contribution that they can make to our human intelligence (HUMINT). As to any input we might have had to the Army Field Manual, I am not aware of a role on the part of the IC in the development of that manual.

Chairman WARNER. General Maples?

General MAPLES. Sir, we were, the DIA was very involved in the development of the manual. After the manual was written by the Army, it was staffed within the DIA. It was reviewed both by Defense HUMINT personnel, because the manual is a HUMINT operations manual, so both from the HUMINT Directorate and from the Defense HUMINT Management Office. I personally read the entire manual and provided input to the final copy.

Chairman WARNER. I go back to you, Ambassador Negroponte. You in a sense are the voice for the civilian side of the incarceration and interrogation process. I would assume General Maples looked at the military side. But it seems to me that those civilians who are involved in this very critical responsibility should receive some assurance that it was looked at from their perspective. Maybe you might consider that before it is finally released.

Ambassador Negroponte, as you undoubtedly are aware, there is a very active consideration in Congress of this port situation. Your organization has a sub-group called the Community Acquisition Risk Assessment Center. The head of that organization is present here today and he came up to the SSCI and briefed a group of us here in the past week.

I judged that that report was—I somehow gained the impression that that report was the overall assessment of the IC, be it the uniformed side or the civilian side or all the parts put together, and while we cannot in this fora state what those assessments were, I gained the impression that was the final assessment on behalf of the IC towards the CFIUS process.

Could you take us through what your organization did?

Ambassador NEGROPONTE. Yes, Senator, I would be pleased to do that. Perhaps know from the briefing that you received earlier, the IC is not per September a member of CFIUS.

Chairman WARNER. That is correct.

Ambassador NEGROPONTE. But the CFIUS will task us with certain requirements and to look into what risks might occur as a re-

sult of a proposed acquisition. In this particular instance, the procedure that was followed was that our Community Acquisition Risk Center was asked on the 2nd of November to provide an assessment, which we then took a 1-month period to do, and on the 5th of December we submitted the results of our inquiry with regards to the Dubai Ports (DP) World and the Dubai Ports Authority and Dubai Ports International, who are the companies involved in this transaction. We provided that assessment back to CFIUS.

So that was the process that was followed. Now, there have been some other assessments, whether they are related to port security or some other subject, done by other parts of the departments of the government, such as the Coast Guard, for example, which were provided to their department head. But that was done separately from this inquiry that we conducted.

Chairman WARNER. I will leave it to Chairman Collins as a member of her committee. She very carefully probed those issues yesterday and I am sure she may have some questions on that point.

Did you in your report make a final conclusion and are you at liberty to feel that your organization discovered any factors which in your judgment would have affected the security of this country in an adverse way?

Ambassador NEGROPONTE. Yes, we did, and on the basis of our inquiry we assessed the threat to U.S. national security posed by DP World to be low. In other words, we did not see any red flags come up during the course of our inquiry.

Chairman WARNER. I thank you very much, Mr. Ambassador.
Senator LEVIN.

Senator LEVIN. The threat to our security, your overall assessment, from that transaction is low?

Ambassador NEGROPONTE. That was our——

Senator LEVIN. So not nonexistent; it is just low?

Ambassador NEGROPONTE. I think it is low, moderate, and high.

Senator LEVIN. But there is no assessment, then, that there is no threat?

Ambassador NEGROPONTE. There is no such thing in our view as zero risk.

Senator LEVIN. So that you have three options, low, moderate, or high?

Ambassador NEGROPONTE. I believe so, sir.

Senator LEVIN. The Coast Guard report which the chairman referred to is dated after you submitted your intelligence assessment. Is that correct?

Ambassador NEGROPONTE. That is correct.

Senator LEVIN. So that was not presented to you? You did not consider that?

Ambassador NEGROPONTE. That is correct.

Senator LEVIN. I think there was a different impression that was given to the Homeland Security and Governmental Affairs Committee yesterday, but I am going to let our chairman comment on that. That is my recollection. I was there, but her recollection may be a lot sharper on that issue.

Ambassador NEGROPONTE. My understanding, Senator, is we submitted our report on December 5. The Coast Guard report was December 13.

Senator LEVIN. Yes.

Ambassador NEGROPONTE. I would add, my understanding is that the Coast Guard did not interpose any objection to the transaction and the DHS concurred in it and that some steps were taken, some adjustments were made, and there was a letter of assurance from the company back to us as a result of whatever issues might have been raised.

Chairman WARNER. Ambassador, in your statement, you say that there will be a lag time almost certainly before we see a dampening effect on the insurgency, even if there is a broad, inclusive national government that emerges in Iraq. I think that is a useful point. What would be the effect on the insurgency if there is not a broad, inclusive national government?

Ambassador NEGROPONTE. I think first of all it would be a pity, a lost opportunity, as far as the democratic process in Iraq itself is concerned. As to what effect it might have, it would, I think, deprive us or deprive the political system in Iraq of the opportunity to involve some of the people who are bearing arms or who may be inclined to bear arms against the government to participate in the political process. So I think it could have the effect of prolonging the insurgency.

Senator LEVIN. You think that the failure to have a broad national government agreed to would contribute to the insurgency?

Ambassador NEGROPONTE. I say could. I cannot be absolutely certain.

Senator LEVIN. Could it contribute?

Ambassador NEGROPONTE. I think the fact of the government not being adequately inclusive could have the effect of prolonging the insurgency. I would be comfortable making that statement.

Senator LEVIN. Do you think it is important in terms of defeating the insurgency that there be a broadly-based national government?

Ambassador NEGROPONTE. I think it is important, yes. I think it is important that the democratic and the political process that the Iraqis have set out for themselves continue to go forward.

Senator LEVIN. But basically, you agree that it is important in terms of defeating the insurgency that there be such a broadly-based national government? I want to start from there. Your answer is yes?

Ambassador NEGROPONTE. Yes.

Senator LEVIN. What do you assess to be the likelihood of such a broad-based agreement being reached? Is it likely? Is it iffy? How would you assess it?

Ambassador NEGROPONTE. I think one way of looking at that, Senator, is I think the chances are better now than they might have been previously. When you think about it, a year ago the Sunnis were boycotting the electoral process entirely. They were saying they did not want to have anything to do with it. Then last fall a million more Sunnis, people in the Sunni regions of the country, registered to vote and they have now elected 55 representatives to the legislature, where previously they had none.

So I would say as a matter of the political trend in Iraq, I would say the chances are more likely now than they were a year ago.

Senator LEVIN. Would you say they are likely, putting aside that trend?

Ambassador NEGROPONTE. I do not have my crystal ball, but I can just assure you that an enormous amount of effort is being devoted to that.

Senator LEVIN. Would you agree with my statement that if the Iraqis do not seize the opportunity to put together a broadly-based political agreement that we cannot save them from themselves?

Ambassador NEGROPONTE. I think you are trying to draw me to a conclusion here with a hypothetical question. I would rather state it affirmatively. I think it is definitely in their interest to work as hard as they can to achieve an inclusive government and I think that deserves a great deal of effort.

Senator LEVIN. I think that the chairman raised a question about whether or not you have been involved in the Field Manual. Is it not correct that under the McCain amendment that detainees in our custody, regardless of whose custody, what the source is, whether the DOD is the source or whether it is the IC is the source, that all detainees in our custody are subject to the Army Field Manual? Is that your understanding of the McCain amendment?

Ambassador NEGROPONTE. My understanding—first of all let me say, Senator, that it is our full intention to comply with the law and with the McCain amendment, as we have been doing.

Senator LEVIN. That answers the question. That is satisfactory. Because of time, let me go on. It is your intention to comply with it, that is fine.

North Korea. You have given us assessment a couple years ago in the unclassified—

Chairman WARNER. Senator Levin, I think the witness wanted to add a comment.

Ambassador NEGROPONTE. I think that is fine, Senator.

Chairman WARNER. All right.

Senator LEVIN. I think he is probably happy to stop there, too.

A couple of years ago you gave us an unclassified assessment that North Korea had one to two nuclear weapons. What is your current unclassified assessment as to the number of nuclear weapons that North Korea has?

Ambassador NEGROPONTE. I do not think there is an answer to that question. I do not think we have an answer to that question, Senator. We know that they have a lot of fissile material, but trying to put a number on it I think would be very hard.

Senator LEVIN. So you have not put a number on it?

Ambassador NEGROPONTE. I have been very reluctant to get into numbers because it means—first of all, we assess that they probably have nuclear weapons, as they claim that they do. But we do not know for a fact that they have such weapons. So we are in the situation here of assessing that they have them. So to then say with precision the number they have I think would be difficult to do with our level of knowledge. It would merely be an extrapolation or a speculation on our part.

Senator LEVIN. You have given us that before, but you are not willing to give it to us now and that is your answer.

Going back just to the port issue for a moment, there was an open press report back in December 2002, right before the Iraq war, that said that the commander of the United States Navy's Fifth Fleet alleged that a Dubai-based shipping firm shipped materials from Dubai to Iraq that could be used for constructing high-grade explosives. That article quotes a U.S. Navy spokesperson as saying that the Navy had "photographic evidence that clearly proves that these chemicals were recently shipped into Iraq."

My question to you is this. Did the UAE officials and leaders look the other way when shipments of illicit cargo took place from the UAE in Dubai prior to the war?

Ambassador NEGROPONTE. Did the UAE—I was interrupted or distracted.

Chairman WARNER. Could I intervene, without detracting from your time. The voice that you are hearing comes from an internal system in the control of security, and there has been a package located in some of the buildings. At this point there is no assessment that we in this room are under any risk. I apologize for that background noise.

Senator INHOFE. It has been cleared now.

Chairman WARNER. It has been cleared, thank you.

Senator Levin, go ahead.

Senator LEVIN. Just my last question. Should I repeat it?

Ambassador NEGROPONTE. If you would not mind, Senator. I am sorry.

Senator LEVIN. Sure. There was an open newspaper report that quoted the commander of the U.S. Navy's Fifth Fleet, saying that there was a shipping company in Dubai that shipped materials from Dubai to Iraq that could be used for constructing high-grade explosives in Iraq, and quoted the U.S. Navy spokesman as saying that the Navy had "photographic evidence that clearly proves that the chemicals were recently shipped into Iraq."

My question to you is did the IC make an assessment as to whether or not UAE officials and leaders looked the other way prior to the Iraq war? This is now after September 11, 2001, but prior to the Iraq war; that they looked the other way as illicit cargoes under U.N. and our embargoes were shipped into Iraq? That is my question.

Ambassador NEGROPONTE. I am afraid I will just have to take that question, Senator, because I am not—

Senator LEVIN. Take? I am sorry?

Ambassador NEGROPONTE. If I could provide you a response for the record, because I am not familiar with that particular report. [The information referred to follows:]

[Deleted.]

Senator LEVIN. Thank you.

My time is up. Thank you.

Chairman WARNER. Thank you very much.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

I am going to use my time to talk about one of my favorite subjects, that everyone has ignored up until the last couple of weeks. That is on this proposed sale of the P&O Port Company to DP World. I have to say, Mr. Chairman, I am opposed to this, but for a totally different reason than others are. For one thing, I do not see any threat there with the UAE. I do not see any threat with the corporation involved that is part of the UAE. I do not see the threats there at all.

But I think there are any number of corporations from any number of countries that they could have chosen, that CFIUS could have chosen, that would not be controversial, allowing people to demagogue this thing, as they are doing right now, criticizing the President. So I just want to say that, while I oppose it, I am not opposed to it for national security reasons. Just I think he could have done it with somebody else and not subjected himself to that kind of criticism.

Now, I would caution the Democrats not to get too excited about this because during the last administration the UAE could not do anything wrong. Our doors were open, we were inviting them over, we sold \$8 billion worth of F-16s, anti-aircraft and anti-ship missiles, and other advanced weapons to the UAE. It even required a special waiver signed by the President to do it. Nonetheless, that was what was going on. If you might remember, Mr. Chairman, in the Afghanistan thing when Osama bin Laden was actually found and targeted, we did not go through with that because there were some UAE officials there and they were afraid there might be some collateral damage to them.

So anyway, I just want to mention that we have had enough hypocrisy on that. But I would like to talk a little bit about CFIUS. In a way I am kind of glad this happened because I have been concerned. You mentioned in your opening remarks, Mr. Chairman, that you have had time over the last week to study the CFIUS process. I have had time over the last 12 years to study it and I have been studying it and talking about it.

Prior to a month ago, if you had asked any member of this body about CFIUS they would probably think you were talking about some communicable disease. But in fact this is something that has been a problem for a long time ago. There have been four times in the last 12 years where the proposed foreign acquisitions in the United States have threatened our security. In 1998 the Clinton administration turned over management of the 144-acre terminal at the former U.S. Naval Station in Long Beach to the Chinese Ocean Shipping Company. It was called COSCO. We remember that time and all the hysteria that took place, to turn it over to a company like that, that had relationships in arms trading with Iran, Iraq, Syria, North Korea, Pakistan, Cuba, and other countries, and even contributed to, Mr. Chairman, street gangs in Los Angeles.

Now, we went ahead and did this and turned it over. We were able to stop this turnover at that time. I will quote from the L.A. Times. This was in 1998: "The embattled COSCO deal came to an end Thursday night when congressional conferees submitted to Congress the 1998-1999 Defense Authorization Bill. Leading the

effort to block COSCO from the facility were Senator James Inhofe and Representative Duncan Hunter of San Diego.”

So CFIUS had said at that time yes, they wanted to do it, but we were able to block it and we won that one. Now, that was just one battle.

Then my concern with the CFIUS process last April when I delivered four speeches on the floor of the Senate concerning China, and I appreciate very much, Ambassador, your bringing up some of your concerns about China. People seem not to be paying as much attention as they should.

While examining this, you came across the disturbing purchase of China buying a U.S. company called Magna-Quench. This all started in 1995, and we started talking about the threat that was out there. Magna-Quench has access to a type of a metal that is necessary for us to use in some of the precision guided munitions that we have. At that time we talked about Magna-Quench and its international, incorporated. In 1995 the Chinese corporations bought Magna-Quench, a supplier of rare earth metals used in the guidance system of smart bombs. Over 12 years, the country has been moving piecemeal—and this is what we said in 1995—to China from the United States different elements of this company, and they are now all located in China.

I would only say that—I am quoting right now from a statement I made on the floor; this was April 4, 2005, where we said that this was going to happen and in fact this has happened.

Now we are in a situation in the United States where we have no domestic supplier of rare earth metals such as are essential for precision guided munitions. I would say it is a clear national security concern.

More recently, I was concerned with China’s state-owned China National Offshore Oil Corporation (CNOOC) in its attempt to buy out Unocal. We all remember that, and people were making a lot of concern about that at that time. But we stayed on that until finally, in spite of what CFIUS was recommending—that is, they were recommending that the purchase take place and that Unocal would be a part of the Chinese government—we won that and CNOOC finally withdrew its application.

We also testified before the U.S.-China Commission on July 21, 2005. On July 21, 2005, we were concerned about the fact that our committee, Mr. Chairman, our committee, was concerned at that time about what was happening in China, so we developed the U.S.-China Economic and Security Review Commission. This is a bipartisan commission to submit to Congress on an annual basis the threats that are out there to our national security and our economic security.

The commission has been doing this. It is a bipartisan committee, 12 members. Three were appointed, as I recall, by the Speaker, three by the minority, three by the majority and three by the minority of the Senate. These are 2-year terms. So it has worked out real well.

Now, over the past several months I have been pointing out that the CFIUS process has ignored some major issues which threaten our national security. Not just the China Commission gave a list of reasons why we need to change the process, the structure of

CFIUS, but the Government Accountability Office (GAO) has recently issued a report on CFIUS that is right in line with these recommendations.

So it is not just me. It is the U.S. China Commission, the GAO, and because of the fact that—we actually had this, Mr. Chairman, in our defense authorization bill, but when that got stalled, our language got stalled, and so I introduced it as a free-standing bill. It was assigned to the Banking, Housing, and Urban Affairs Committee because the Chairman of CFIUS is the Secretary of Treasury.

So if you look at CFIUS, if you want to see, if anyone out there thinks that they are doing any kind of a job at all, I have to say that they have received over 1,520 notifications and investigated only 24. Only 24 out of 1,500, Mr. Chairman. Of those investigated, only one acquisition has been stopped by the President. That was President George the First. So that is one out of 1,520 and it just shows that this thing is not working.

So the bill that I introduced would reform the system. It would reform it consistent with the recommendations of the U.S.-China Commission. I would only quote from this morning's editorial by the Rocky Mountain News. They said: "The Bush administration should embrace a plan suggested last summer by Senator James Inhofe that would place the Pentagon, not the Department of Treasury, in charge of all interagency reviews on foreign state-owned investments that could affect national security." I would like to ask unanimous consent the entire editorial will be entered in the record at this point.

Chairman WARNER. Without objection.

[The information referred to follows:]

Rockymountainnews.com

Time for sober look at ports deal

Pentagon should take lead this time

February 28, 2006

Unlike many Americans, we have had a tough time deciding whether a company based in Dubai should take over partial management of a half-dozen ports on the East Coast and at New Orleans. But having read and listened to the objections of critics for the past two weeks, we've come to the conclusion that most of their concerns are either wide of the mark or crassly political.

That's not to say we're satisfied with the process that approved the deal involving state-owned Dubai Ports World (DPW), and so welcome a 45-day delay during which the Bush administration will revisit its application. By all accounts, Washington's review of the port transfer was cursory and probably tilted from the outset toward approval.

Also troubling is the fact that the Treasury Department - which approved the first deal - will lead the second review as well. If it made a mistake the first time, why should it admit so now?

The Bush administration should embrace a plan suggested last summer by Sen. James Inhofe, R-Okla., that would place the Pentagon, not the Treasury Department, in charge of all interagency reviews of foreign, state-owned investments that could affect national security.

Treasury's mission is to promote economic development, and a 2003 report by the Government Accountability Office suggested that emphasis could compromise our ability to combat terrorism.

Without question, however, election-year politics has motivated some of the opposition. Democrats see an opportunity to outflank the Bush administration on the anti-terror front - which helps explain Republican reluctance to defend the deal.

The United Arab Emirates, the federation of monarchies that owns DPW, has its own credibility gap. While it has provided staging facilities for the U.S. military and been helpful to this country in other ways, it was also one of three nations to formally recognize the Taliban as rulers of Afghanistan. And banks in several member states apparently laundered millions of dollars for al-Qaida affiliates before 9/11.

Yet comparatively speaking, the UAE is a moderate Arab state -- the sort of nation with which we should be building alliances in the Middle East. And DPW will not be handling port security; U.S. agencies will, as they do in every other major port.

So long as that remains the case - and DPW passes a second review - the deal should go forward.

Senator INHOFE. So in conclusion, I would only say that I have placed in the front of each member a synopsis of that bill, a history of that bill, and asking for co-sponsors. I think now is finally we are in a position we will be able to pass something we were not able to pass before.

So I have used my time, Mr. Chairman, but I do want to say that I hope that General Maples and General Hayden and others who are concerned with what has been going on—this old argument of WMD, which has always been a phony argument from the beginning—now that we have the information that has been testified, not before this committee but certainly in closed session by this General Suddas, where he has all kinds of evidence as to the individuals who transported the weapons out of Iraq into Syria, and I am hoping that we will be able to pursue that so that finally we

can put that one to sleep, when in fact the big problem with Iraq was they never had WMD. They had terrorist training camps in places like Ramadi, Samarra, and Salman Pak, and those are now dead on the vine.

Thank you, Mr. Chairman.

Chairman WARNER. Thank you, Senator, and I certainly acknowledge the important contribution that you have given towards the longevity of the CFIUS program. My reference to the study, I was studying this one case——

Senator INHOFE. Yes, I understand.

Chairman WARNER.—and preparing for the committee briefing the other day.

Senator Kennedy.

Senator KENNEDY. Thank you. Thank you very much, Mr. Chairman, and thank all of our panelists for their service to our country. I thank you, Ambassador, for your earlier comments covering a wide variety of different national security sort of challenges that we are facing.

I would like to come back and give the focus and attention to what I think most American service men, wherever they are, are thinking about and that is Iraq. Most families are thinking about it, Americans are thinking about what is happening, the dangers of deterioration and civil conflict, what is going to happen to our service men and women, some 2,300 who have been killed there, the great majority obviously by offensive activities, but others killed in the region, all heroes, and some 16,000 wounded.

I think the Americans are looking for what are the real prospects over there. I know you gave some description in response to earlier questions. We have had a recent U.S. Agency for International Development (USAID) request for proposals already describe Iraq as a low-intensity civil war, the words that they use, the USAID used it. General Sanchez said on January 7, told soldiers preparing to deploy in Iraq during a ceremony in Heidelberg: “The country is on the verge of civil war.” General Maples in his testimony here talks about sectarian violence is increasing, this morning.

Now, in the State of the Union President Bush said: “I am confident in our plan for victory. I am confident in the will of the Iraqi people. Fellow citizens, we are in this fight to win and we are winning.” Those are the words of the President, “we are winning.”

Even in your written testimony today, you mention about the lag time before we see a dampening effect on the insurgency. That is very different from the rosy statements by the President that we are winning, and the American people know the difference.

Did you tell the President we were winning? Did you ever use those words with him?

Ambassador NEGROPONTE. I personally?

Senator KENNEDY. Yes.

Ambassador NEGROPONTE. Recalling conversations I have had with the President and other members of the administration, my view has always been that we are moving in the right direction, that we are making progress. I analyze it usually in terms of the political process there, progress towards achieving their political timetable on the one hand and progress towards developing their

army and their police forces, effective military and police forces, and I believe that progress has been made in both those areas.

I believe that, yes, things are moving in a positive direction in Iraq overall.

Senator KENNEDY. You are not using the words “we are winning” this morning, are you? Are you using—are we winning the battle there? Would you use those as a description of the circumstances in Iraq?

Ambassador NEGROPONTE. I believe that if you take the overall situation in Iraq, political and security situation, that progress is being made and if we continue to make that kind of progress that, yes, we can win in Iraq.

Senator KENNEDY. This headline here in the Washington Post is truly moving and has to be startling to all Americans: “Toll in Iraq, Deadly Surge, 1,300 More, Count Eclipses Other Tallies Since the Shrine Attack.” The toll was more than three times higher than the figure previously reported by the U.S. military in the news media.

We have General Maples’ testimony here, reporting indicates sectarian violence is increasing. This is this morning. The elections appear to have heightened the tension and polarized sectarian divides.

Then on the next page he continues: “Sunni attitudes are changing as the elite increasingly embrace politics. However, the degree to which they will decrease insurgent violence is not yet clear.” That would appear that even including the Sunnis into the government, at least according to General Maples, indicates that it does not appear that there will be a decrease in the insurgent violence, not really clear what is going to happen. “Even moderate Sunni leaders see violence as a complement.” “Even moderate Sunni Arab leaders see violence as a complement to their political platforms and are pursuing a dual track.”

We have a report this morning, the Sunnis—this is from Knight-Ridder: “Sunnis in Iraq may be arming for Shiite militias. Sunni Muslims from all across central Iraq, alarmed by how easily the Muslim fighters had attacked their mosque during the last week’s clashes, are sending weapons and preparing to dispatch their own fighters to the Iraqi capital in case of further violence.”

We are just looking for an assessment, Ambassador, as to what in the world is happening and what your own assessment is of what is going to happen in these next days and next weeks.

General Maples, can you help me out?

General MAPLES. Sir, I will stand by the assessments that I provided. I do believe that this last week has been a very significant week in Iraq. The level of sectarian violence increased significantly on the ground based on the bombings of the mosque. We saw exactly the deep divides that exist between the Shiite and the Sunni in Iraq.

I think we should take heart in the leaders who have come forward at this point, but we are also in a very tenuous situation right now, I believe. I think that more violence, were it to occur, were it to be stimulated by al Qaeda in Iraq, would have a very significant impact on the situation in Iraq. I believe that the Sunni population will continue to use violence as a means or a leverage to continue to represent their political interests.

It has been heartening as well, though, to see Sunni leaders start to step forward to look for that national unity government and to participate in that, and I do think that that is a means to lessen the violence. Nevertheless, I think violence will remain with us for the time being.

Senator KENNEDY. We have to take our hats off to the courageous individuals who are trying to dampen down the violence, and all of us do.

What is your—I would like to—in response to an earlier question, General, about if there were the development of the civil war what our troops would do, and I think in response to an earlier question you said that would be up to the commanders. Am I right?

General MAPLES. Yes, sir.

Senator KENNEDY. What is the guidance now? What is the—to try and get ahead of the curve in case there is a real deterioration, what is the overall kind of framework? What is the guidance that is given to our commanders? Can you tell us now?

General MAPLES. Sir, I am not aware of the guidance that has been provided to the commanders on the ground.

Senator KENNEDY. When will that guidance—if we see this kind of danger that you are describing now, would we not anticipate that it would be useful that our commanders would have some kind of guidance as to how they are going to proceed if there is going to be a deterioration, which you think is possible, if there is increased activity by al Qaeda and if the religious leaders are not able to continue to be as brave and courageous and successful as they have been?

General MAPLES. Sir, I am sure the commanders are taking those actions and they are providing the guidance to the forces on the ground. I am just not aware of what that is.

Senator KENNEDY. Let me move on if I could, Ambassador, to the issue on the National Security Agency (NSA). I know this is an issue of sensitivity and importance. I am asking if you would, please, if you could just answer the question. The Attorney General described the NSA—this is the Attorney General in our Judiciary Committee. The Attorney General described the NSA surveillance program as military activities. So I wanted to just get your view about this program, whether it is considered a military operation. Is this considered a military operation? Are the military involved in the apprehension or detention of any suspects? To the extent that you can comment on, if you are able to, or maybe you want to do it later, to the actions of the Fourth Circuit, which have taken two cases now and have remanded those cases because of issues relating to tainted evidence that may very well be a part of the NSA program.

I will put it in greater detail because I cannot expect that you might know about those cases. But maybe you do or maybe General Hayden can comment on it. Could you quickly, because my time has expired, comment?

Ambassador NEGROPONTE. If I could invite General Hayden.

Senator KENNEDY. All right, if General Hayden can.

General HAYDEN. Senator, I do not have any details on the cases, so I am sorry about that.

Senator KENNEDY. I will give you a written question on that.

General HAYDEN. Thank you.

Senator KENNEDY. If you could just address those other issues please.

General HAYDEN. Yes, sir, kind of the military aspect of the activity.

Senator KENNEDY. The military, and is there any action by the military in terms of the activities, detention of any of the individuals, of any of the suspects. Are they involved in any of that.

General HAYDEN. Certainly not inside the United States. This is fundamentally, though, a foreign intelligence program and it could lead to information that would lead to action by U.S. Armed Forces abroad.

Senator KENNEDY. My question just was related to the aspects of it that are here in the United States.

General HAYDEN. Yes, sir. No, there would not. But I need to make an additional point because you asked was it a military activity.

Senator KENNEDY. Okay.

General HAYDEN. The way we are wired as a community, the authority to do what NSA does, signals intelligence (SIGINT), which is legally defined as electronic surveillance for a foreign intelligence purpose, all the authority of the U.S. Government to do that activity is actually in the person of the Secretary of Defense. Since President Truman, SIGINT, electronic surveillance for a foreign intelligence purpose, comes to the Director of NSA through the Secretary of Defense. So in that sense it is an inherently military activity.

Chairman WARNER. Thank you very much, Senator Kennedy.

Senator COLLINS.

Senator KENNEDY. Thank you very much.

Senator COLLINS. Thank you.

Mr. Ambassador, I want to follow up on the statement that Senator Inhofe made about the composition of the CFIUS. Currently there is no direct IC representative on the committee, is that correct?

Ambassador NEGROPONTE. That is correct.

Senator COLLINS. Yet the purpose of this committee is to evaluate the national security implications of proposed transactions. Moreover, the committee is not chaired by a DOD official. It is not chaired by a DHS official. It is chaired by a Treasury official. Is that correct also?

Ambassador NEGROPONTE. Yes.

Senator COLLINS. I know that the IC provides a threat assessment to the committee to help guide its analysis. But do you think that the IC should actually be a named member of the committee? It is a pretty big committee. It has 12 members, it has the head of the Office of Management and Budget (OMB) on it, and yet it does not have a representative from the IC. Should we change the composition of the committee?

Ambassador NEGROPONTE. I do not think I am going to offer you an opinion on that. But I do think that whatever arrangement we have, whether we are on the committee or not, I think we should continue to be as plugged in as possible, as connected as possible,

to the process. Whether we are formally a member of the committee or not, I believe that we should participate in the process.

Senator COLLINS. It seems strange to me that we have a lot of representation from various offices within the White House, for example, that do not have national security implications or responsibilities and yet we do not have a seat at the table for the IC, despite the fact that what we are really talking about here is an analysis of the intelligence in order to make a determination on national security.

So I guess I want to press you a little further on this. Do you not think that a representative from the IC should be a member of the committee? Do you not think it would improve the process?

Ambassador NEGROPONTE. I understand your question and it may be something that the Treasury and others who set the policy on this may wish to consider going forward. But again, I would reiterate that I think the important point is our participation. I certainly think that going forward you are going to see us continue to be very, very involved in providing and meeting whatever requirements are levied upon us by the committee.

Senator COLLINS. Let me switch to another issue of great concern to me. The purpose of the Intelligence Reform and Terrorism Protection Act of 2004, which my friend from Connecticut and I authored, was to create a strong DNI who would be clearly the head of the IC. As you are well aware, the Secretary of Defense last November issued a directive that outlined the authorities and responsibilities of the Under Secretary of Defense for Intelligence with respect to the NSA, the National Geospatial-Intelligence Agency (NGA), and the National Reconnaissance Organization (NRO), three critical intelligence agencies.

As General Hayden is well aware, during the debate on the intelligence reform bill we spent a great deal of time arguing and debating the proper lines of authority for those three critical agencies. Because they are combat support agencies, we agreed that they should remain within the Pentagon. But we were very clear in the law and in the legislative history that the DNI played a very important role in directing the activities of those three agencies.

Some intelligence experts have viewed the November directive by the Secretary of Defense as undermining the DNI's authority over those three critical intelligence agencies or at least creating confusion about the reporting relationships.

My first question for you on this is did you express any concerns to the DOD about this directive?

Ambassador NEGROPONTE. If I could answer your question broadly first of all, Senator. You mentioned the NSA, you mentioned NGA, you mentioned the NRO. As you say, they have a combat support role. But there are a couple of very, very important areas where we in the DNI have the lead. One is with respect to budget as it affects—because these are all agencies that are supported out of the national intelligence budget. So I think the budget formulation process is one very important aspect.

The other is the intelligence requirements. We have what we call a national intelligence priorities framework, which I have taken a direct and personal interest in and which is shaped under the lead-

ership of the DNI, and which sets the collection priorities for these different institutions.

So those are two ways in which we exercise the kind of authorities that were visualized for us by the law.

The third point I would make is that under General Hayden's leadership we now have the program managers of the major intelligence agencies meeting under General Hayden's leadership on a weekly basis, and that is the NSA, the NGA, the NRO, the Central Intelligence Agency (CIA) and the FBI. So that is it.

So I think there are a number of different ways in which we are exercising these authorities. But I might invite General Hayden to add, and particularly on this question of whether we commented on this order that you are referring to, Senator.

Senator COLLINS. Let me just say, I am very aware of those authorities because we fought very hard to get them in the law, as Senator Lieberman will attest and as General Hayden is well aware.

Ambassador NEGROPONTE. I just want to assure you that we are exercising them. That is the real key point.

Senator COLLINS. Right. I am concerned about the signal that is being sent by the DOD directive and that is why I want to know what discussions occurred and whether you raised concerns.

General HAYDEN. Yes, ma'am. Secretary Cambone and I worked on that for about 3 months and there was a constant dialogue. I think those who have expressed concern are largely reacting to the fact of the document and what it might symbolize rather than what is really in the document. Secretary Cambone took every change that I offered and recommended inside the document.

He had been building that charter for almost as long as he had an office. I think it is unfortunate that they finally got done with it at that time because it did have some symbolism, I think, that was probably unintended.

To just put a finer point on the five powers that you gave us, I actually think in terms of—not in spite of the DOD regulation, but in many ways incorporated within it, the power you gave us with regard to finances is strong. Tasking is strong, policy is strong. You gave us authority over classification and release, which remain strong and this DOD directive does not affect.

The one area that we are working on now, and I do not mean to invite help because I think we will work our way through it quite well, is the area of personnel. What you have there are IC personnel who are also in a Cabinet-level department and we look at those people as intelligence people and the Secretary certainly looks upon those as DOD folks.

We are in the process of building what I would call case law inside your broad direction for us to create a Goldwater-Nichols-like approach to the IC. Other than that one, I think the other four are really rock solid, and we are working on the fifth.

Senator COLLINS. Thank you.

Chairman WARNER. Thank you, Senator Collins.

Senator Lieberman.

Senator LIEBERMAN. Thanks, Mr. Chairman.

Needless to say, I associate myself with Senator Collins' questions. General Hayden, I know you were not asking for help, but

we are from the Federal Government and we are here to help.
[Laughter.]

General HAYDEN. I am glad to see you, sir.

Senator LIEBERMAN. Good to see you, General.

Incidentally, General Hayden was very important to many of us as we formulated the reform of the intelligence apparatus of our government in response to the 9/11 Commission.

Thanks to the three of you. I want to just focus first on this UAE DP World acquisition of terminals arrangement. I feel very strongly, as has been said here, that the UAE has been a very good ally. DP World from all that I know has a very good reputation as a company. That does not mean they deserve a free pass when they come in to acquire terminals in the U.S. There is a law, but they certainly deserve a fair hearing.

I want to share with you, Ambassador Negroponte, my—it is not quite a conclusion, but a worry, that the existing apparatus for evaluating the acquisition by a foreign company of an American company, that the process of reviewing that is more technological focused, technology focused, than it is security focused; that it was set up and some of the origins have more to do with the acquisition of companies involved in technologies that might be used against the U.S.

This is a very different circumstance, terminals at a port arousing great concern among the American people, Members of Congress. This is not technology, obviously. The American people, Members of Congress, want to know, is there some reason why the UAE DP World acquisition of these terminals in the U.S. will create an opening for terrorists to strike at us. So give me your reaction to my concern that the office within CARAC—I forget what it stands for—may have been traditionally more focused on technology concerns than security concerns as we know them and feel them here?

Ambassador NEGROPONTE. I think that CARAC is the Corporate Accountability and Risk Assurance Committee.

Senator LIEBERMAN. Right.

Ambassador NEGROPONTE. I think that the historical genesis that you mention may be correct, Senator, but they were also asked in this request to look at whether or not there were any general threats to national security perceived as a result of this proposed acquisition. So I think they took a somewhat broader look.

The other thing I would say is that going forward I think clearly, as a result of the attention that this issue has generated, we are going to take a hard look and we are taking a hard look at the kind of support we are going to be providing to CFIUS.

Senator LIEBERMAN. That is very important for me to hear and I think a lot of us to hear. My impression, having spent some time on this over the last week or so as many of us have, is that the investigation that was done the first time around could have been more aggressive from a security point of view. I do not know that it missed anything, but I hope that you will put your own hands on this and make sure in this second 45-day review or the first 45-day review that when you reach a conclusion that we can have total confidence that you have gone down every potential path to

make sure that U.S. security will not be compromised by this transaction.

Ambassador NEGROPONTE. You can be assured that I will take a personal interest in the matter, Senator.

Senator LIEBERMAN. I appreciate that.

I want to go to Iraq for a moment. It is quite natural for people in Congress and the American people to ask whether we are winning in Iraq, but I must say whenever I hear that question I think of something I read long ago. It may be from Winston Churchill because he is usually the source of lot of good insight in these matters, which is about war, which is that "War is a succession of catastrophes that ends in victory for one side."

There is a lot of wisdom there, particularly if you believe in the cause for which you are fighting, which I do and I know you do. We made the world safer by overthrowing Saddam Hussein. We are now in a different phase of our involvement there and it is, I believe, to create the security conditions under which the Iraqis can self-govern and self-protect, to improve their security forces. In doing that, we will have achieved an extraordinary victory in the war for the hearts and minds of the Islamic world because we will have created a different model for governance for life in the Arab world.

Now, this is a tough battle because not only are we facing terrorists, who I will get to in a minute; we are facing historic sectarian pulls in the country. But when you say there has been progress achieved, I agree with you. Three extraordinary elections, people turning out; a political leadership that really is striving to bring the country together, not to divide it—there are plenty of forces that want to divide it—facing a brutal enemy. One might say that as the political leadership comes together, as the Sunnis have gone from zero to 55 in the National Iraqi assembly, as the leaders begin to work on a coalition government, the enemy gets more desperate.

What an outrageous act, to blow up a bomb in this mosque in Samarra, which is a holy site of Shiite Islam. Just think of how any of us of other religions would feel if one of the holiest sites of our religion was attacked. In the midst of that, the Shiite religious leaders and now the representatives of the four different groups in Iraq—Shiite, Sunni, Kurd, and secular—have really tried to pull together.

So I am not kidding myself. This is a tough battle. I know you are not, either. I have talked a little bit about catastrophe leading to victory. I think we know what success would mean. But I want you to talk a little bit about what not winning would mean. What would the consequences of a civil war in Iraq be for Iraq and for the region?

I might say, just to put an exclamation point on this, when the terrorists blow up the mosque in Samarra I do not view that as a defeat for us. I view it as another example of how outrageous and evil the opposition is and how important it is that we stick with the Iraqis who are trying to create a united country.

So what are the consequences of civil war on Iraq?

Ambassador NEGROPONTE. I think first clearly the consequences for the people of Iraq would be catastrophic, and who knows where that would lead in terms of what kind of political evolution that it

might lead to, but clearly it would jeopardize, seriously jeopardize, the political, the democratic political process on which they are presently embarked. One can only begin to imagine what the political outcomes would be.

But the other point I would make is that if chaos were to descend upon Iraq or the forces of democracy were to be defeated in that country, then I think clearly this would have implications for the rest of the Middle East region and indeed the world.

Senator LIEBERMAN. In what way?

Ambassador NEGROPONTE. I just would recall the letter of the deputy, of bin Laden's deputy, Mr. Zawahiri, to Zarqawi back in July when he talked about and reaffirmed their commitment to establishing a global caliphate and they saw Iraq, success in Iraq for them, as just the first step towards then spreading their activities to the Levant and even to Western Europe and then of course to our own Homeland.

So I would see it as a serious setback, among other things, to the global war on terror.

Senator LIEBERMAN. Is there not a reasonable possibility, if not a probability, that if there was a civil war that broke out in Iraq that the other regional powers would get involved, certainly Shiite with Shiite and Sunni with Sunni, and that might lead to a larger conflict in the Middle East?

Ambassador NEGROPONTE. It is a possibility. General Maples was asked that question earlier and I think he rightly said that the different neighboring countries initially might be reluctant to get involved. But I think, depending on the course of events, that might well be a temptation. You might see some kind of eruption of conflict between the Sunni and the Shiite worlds, for example, if this were to happen, if that is what you are alluding to.

Senator LIEBERMAN. I am, but I presume at least a more aggressive role by Shiite nations like Iran in supporting the Shiites and Sunni nations like Saudi Arabia and Jordan in supporting the Sunnis who are there?

Ambassador NEGROPONTE. I think that is a possibility, and of course we have indications that Iran has already got quite close ties with some of the extremist elements, Shiite elements, inside of Iraq.

Senator LIEBERMAN. Thank you.

Thanks, Mr. Chairman.

Chairman WARNER. Thank you very much, Senator. Certainly it would leave a vast area for new base camps and training camps for terrorism if that were to happen.

Senator Cornyn.

Senator CORNYN. Thank you, Mr. Chairman.

Chairman WARNER. Then we will proceed to the Senator from New York right after that.

Senator CORNYN. I appreciate it, each of you being here and your service to our Nation.

Ambassador Negroponte, let me ask you first about Latin America. You alluded to that in some of your earlier remarks and obviously we are engaged, it looks like, in a big debate about border security and immigration reform. I think it is important that the American people know that not just the Border Patrol and the DHS

are concerned about homeland security and protecting our borders from the threats that may come across those borders, but that all assets of the Federal Government are dedicated to that effort and that we are using the same sort of tools that are available to our DOD in the DHS when it comes to intelligence gathering and that everyone in the IC is providing input and making a contribution to that effort.

Do you see things that we can and should be doing that we are not currently doing with regard to protecting our southern border in particular from the possibility of exploitation by terrorists or someone bringing in WMD?

Ambassador NEGROPONTE. I do not, Senator. But I would also say that the lead for that kind of intelligence rests with the DHS and some of the other domestic agencies, although we do work extremely closely with the Mexican authorities. We have a very close liaison relationship with the authorities in Mexico, directed very much at this question of our security of our border areas.

Senator CORNYN. I know because of your past service as Ambassador that you have a lot of knowledge about it. But I will share that concern with you, that our various Federal agencies are not as closely coordinated as they might be in terms of providing all national assets that could be used. This is obviously an international border and we know that Mexico has a border security problem of its own and that it is currently being used as an international transit point for human smugglers. Obviously, these are organized crime figures who are interested in making money and they will do it by transporting and trafficking drugs or people or weapons or terrorists. It is a very grave concern of mine and I know it is shared by other members.

General Hayden, I would like to turn to the NSA, your former service as head of the NSA. I do not want to talk to you about the law. That is what is happening over at the Judiciary Committee hearing, which I am missing, unfortunately. But I want to talk to you about technology and the challenge that we have gathering intelligence under a Foreign Intelligence Surveillance Act (FISA) that was written in 1978, with the change in the way that we communicate, and in particular with digital communication over the Internet and with the fact that the FISA process can be quite time-intensive and operate in more or less of a linear fashion.

If we, for example, find that there is communication that we want to surveil coming from a particular Internet Protocol (IP) address, I understand that it can take up to 15 days to prepare a request to the FISA court to authorize surveillance of that foreign intelligence. But of course, in a digital world where information is disaggregated and routed then through the most efficient means and then reassembled at the collection point by the recipient, I know multiple IP addresses can be involved, and if we have to get a separate FISA warrant for a serial sending of messages throughout the cyberspace it may involve huge delays in time, which may threaten us and make us more vulnerable.

Would you speak to that perhaps more coherently and more cogently than I did?

General HAYDEN. Actually, no, sir. You have laid it out very well. But I can offer an additional thought or two. I know you visited

some of the activities of the agency and because of that I know you are aware that FISA does offer tremendous opportunities, tools, for the agency to conduct its mission.

But you are also correct in that many things have changed since 1978. The way we communicate as a species has, number one, magnified over and over and over and over almost in fact exponentially, and then the variety, the various ways that communications move has also changed a great deal. In some ways, one of the issues we have before us as a people as we balance security and liberty is that the global telecommunications system and our enemies do not recognize borders the same way we do, and I will underscore "global telecommunications systems." Our laws do recognize borders and should and there should be different standards for activities conducted by an agency like NSA, again electronic surveillance for a foreign intelligence purpose, when it involves inside or outside the borders of the United States. There should be distinct differences.

One of the issues that we faced as an agency, however, in the days and weeks after the attacks in September 2001, that in some ways the changes in technologies had made the reach and impact of the statute, written in 1978, beyond the intent of those who crafted it because they could not have known the changes in technologies that followed. That is about as far as I can go in an open session, sir.

Senator CORNYN. But as a factual matter, is it true that if the FBI or some intelligence agency wanted to get a FISA warrant and assuming it takes 15 days to do the paperwork, which I understand is similar to the thickness of a novel, to get information from a particular IP address, then they discover information there that it has been transmitted from another IP address and they have to go back and get another FISA warrant for that, that while technologically you might be able to hop from four or five IP addresses in a morning to get to the source of the information on a timely basis that might disrupt or otherwise deter a terrorist attack, that it could take you under that hypothetical, let us say five hops, 75 days to get that same information? Is that one of the practical problems we are confronted with?

General HAYDEN. Yes, it is. We talked about, I have used the phrase "hot pursuit" and "necessary agility" and so on to describe what it is NSA is able to do under the President's authorization that is different than what it was under FISA.

I would offer another view as well, maybe just a reinforcement of that point. As Director during that period of time when this was in effect, we looked at this authorization more often than that 45-day cycle. We understood this difficult question of security and liberty. I could never in my own mind—let me put it another way. Believe me, if we could have done this under the statute as it has been constructed and as it is now currently implemented and still given the American people an even similar degree of safety, of course we would have. But it did not.

Senator CORNYN. My time has expired, but I just think it is important for my colleagues, all Congress, to understand. We have different technical proficiency in Congress. Some Senators and Congressmen use a lot of technology. Others probably never turn on their desktop computer in their office. So I think it is important

that we all understand the revolution in communication and technology that has been created with the advent of Internet communications and the importance of responding to that in a way that helps keep us safer.

Thank you, Mr. Chairman.

Chairman WARNER. Thank you very much, Senator. An excellent line of questions. I must say that I feel that we should have in this record the following from the General, because I have advocated this publicly and in the closed sessions, that, given what the Senator from Texas has said and your careful responses, is it not timely that Congress address such amendments and changes to that framework of laws such that we bring up-to-date the ability of your organization and others to do the necessary surveillance to protect in the world of terrorism at this time?

General HAYDEN. Again, I have said in other fora as well when we have discussed that kind of issue, as long as it can be done in a way that would not reveal capabilities and our tactics and techniques and procedures to the enemy.

Chairman WARNER. But we have managed to do that heretofore with other amendments to the various intelligence laws, so I am sure we can do it this time, because I did pose that question to you in other fora and I know in your own heart you think it is time that we address this issue.

Senator Clinton.

Senator CLINTON. Thank you very much, Mr. Chairman, and thank you for your last question and your response, General.

Ambassador Negroponte, I just want to try to close the loop a minute on the DP World purchase. Were you or your staff aware of the Coast Guard intelligence coordination center assessment about the many intelligence gaps that made it very difficult to infer potential unknown threats, including operations, personnel, and foreign influence, when you responded to the inquiry from CFIUS about the National Intelligence Estimate (NIE)?

Ambassador NEGROPONTE. As I said earlier, Senator, our report was submitted to the Treasury before the Coast Guard report. Ours was submitted on December 5. The Coast Guard submitted its—the date of its report is something like December 13 if I am not mistaken. So we were not aware of that specific report.

But I have—and I spoke to Secretary Chertoff just this morning—ascertained that the objections or the issues that the Coast Guard raised were resolved to their own satisfaction, because they ended up being supportive of this transaction, as was the DHS, and a letter of assurance and some safeguards were built into the transaction as a result of some of the issues that were raised by the Coast Guard.

Senator CLINTON. Mr. Ambassador, as part of the 45-day review will you be conducting a NIE of the UAE efforts to combat terrorism domestically and internationally?

Ambassador NEGROPONTE. We have not been asked to do that, Senator, and I do not know whether we can conduct a NIE in that period of time. But we will certainly participate in the 45-day review and address whatever questions we are asked to address.

Senator CLINTON. Would it be possible to expedite an NIE in response to a request from this committee if it were forthcoming?

Ambassador NEGROPONTE. Whether it be an NIE or some kind of an assessment, an assessment of some kind I am certain we could provide to the committee.

Senator CLINTON. Mr. Chairman, it might be appropriate for you and Senator Levin to consider asking for such a request as part of the 45-day review, because we need to get this system operating more efficiently, and certainly if the Coast Guard is making an intelligence assessment after the DNI submits an intelligence assessment we need to get this better focused. Perhaps we could make such a request and it might then have the effect of having everything channeled to the DNI and getting whatever review results would be most beneficial for the final decision.

Chairman WARNER. Senator, we will take that under advisement. My initial reaction is I think you have made an important observation and it is likely we will do it. I mentioned earlier when the hearing started, as a consequence of our previous briefing, in which you were a very active participant last week, we put in a series of legal questions to Treasury and legal counsel for the Senate on the various issues that you and Senator Levin raised.

Senator CLINTON. Thank you, Mr. Chairman.

Senator LEVIN. I wonder if you would just yield on that request.

Senator CLINTON. Certainly.

Senator LEVIN. On that request, because I think it is an important request.

Chairman WARNER. You take your full time after we opine here.

Senator LEVIN. It will not be an opining. It will just be a question.

I would assume that your request would ask them to go back in their assessment to pre-September 11, 2001, as to what the activities were of Dubai relative to joining the war on terrorism, pre-Iraq, between September 11, 2001, and the Iraq war, and post-Iraq war, because there is clearly very different aspects to their conduct and behavior, at least from everything I have read, in those periods. So I would assume that your request would include those periods. Is that a fair—

Senator CLINTON. Oh, that certainly is a fair assumption.

Senator LEVIN. I knew it would be. Thank you.

Senator CLINTON. Well stated, as always.

I would like to turn now back to North Korea and the development of nuclear weapons. General Maples, last year your predecessor told me before this committee that North Korea had the ability to arm a missile with a nuclear device. Now, the ability to arm is one issue and obviously an alarming one. Another is whether it can be successfully delivered. Does the DIA assess that North Korea has developed an ICBM capable of delivering a nuclear warhead to the United States? If not, how many more years before North Korea has that capability?

General MAPLES. We assess that they are in the process of developing an ICBM that would be capable of delivering a nuclear warhead, but they have not done so yet, nor have they tested.

Senator CLINTON. Ambassador Negroponte, last year North Korean officials asserted that they have a nuclear weapons arsenal. They have also declared that they have reprocessed the 8,000 fuel rods that had been frozen from 1994 to 2003, which means that

over the last 4 years North Korea has potentially produced up to six more nuclear weapons on top of the one to two devices the IC assessed they already had.

In addition, the reactor the North Koreans restarted over a year ago continues to produce plutonium, enough for about another nuclear device per year. Analysts have concluded that North Korea could have up to 12 nuclear weapons this year. At the end of last year, Senator Levin asked you to produce a comprehensive NIE on North Korea's nuclear and long-range missile programs because there had not been one for several years, and I thank you and your staff for completing that estimate and sending it to the committee.

I now hope that we can update the 2002 unclassified estimate that North Korea has one to two weapons. What is your unclassified intelligence estimate regarding the number of nuclear devices or weapons that North Korea currently possesses? Is it still one to two or is it a new range?

Ambassador NEGROPONTE. Senator, when I was asked a similar question earlier I was reluctant to try and put a number on this. I think you are right to point out the fact that there is this fissile material and that it is being produced regularly. But since we do not know for an absolute fact that they have nuclear weapons, to then try and extrapolate from the fact that they have this fissile material as to exactly how many weapons they have I think is a difficult thing to do.

But there is no question that there is a potential there for a number of weapons to be in their possession. I am just reluctant to pinpoint a specific number because I do not want to convey the impression that we know for a fact that they have that many weapons.

Senator CLINTON. Mr. Ambassador, I think, though, that there has been enough discussion of this and certainly there has been enough testimony that creates a range. Porter Goss testified as to a range that seemed to suggest it was more than one to two. It seems timely that you would publish for the benefit of public debate an unclassified version of the new NIE on North Korea and also publish a new update, since the last one was published 4 years ago, before North Korea withdrew from the Agreed Framework, to the unclassified estimate of the number of nuclear devices or weapons that North Korea possesses, because this is an ongoing debate. This is a serious security challenge and I think the public deserves to have a base level of information on which to participate.

With respect to nuclear reactors, we know they currently operate a five megawatt reactor. Another 50-megawatt reactor has remained under construction for some time and in November of last year the Washington Post reported that during a trip to North Korea American scientist Sig Hecker was told by the director of the unfinished 50-megawatt reactor that construction was going to start soon and implied it would be finished in a couple of years, an obviously very troubling development.

Can the IC comment on whether North Korea has resumed construction of the 50-megawatt reactor?

Ambassador NEGROPONTE. I suspect we can, but I do not have the answer handy at the moment, Senator. I will submit a response for the record.

[The information referred to follows:]

[Deleted.]

Senator CLINTON. Finally, with respect to the Six-Party Talks, it has been disappointing certainly to me, I assume to others as well, that we have outsourced our policy with respect to North Korea to the Six-Party Talks, which really means outsourcing it to China. I do not think that is a wise decision.

Let me ask, General Maples, what are the military implications of the failure of the Six-Party Talks to bring any halt, temporary or permanent, to North Korean nuclear activities?

General MAPLES. Ma'am, we believe of course North Korea would continue on in the development of nuclear material and nuclear weapons and that without the Six-Party Talks there would be little likelihood that they would give up their nuclear program.

Senator CLINTON. I have no doubt that the Six-Party Talks are to some extent useful, but I worry that the Six-Party Talks have really devolved into the Chinese talks, and the Chinese have their own agenda and I am not sure that the Six-Party Talks is the only route we should be following to deal with North Korea.

Thank you.

Chairman WARNER. Thank you very much, Senator.

Senator Bill Nelson.

Senator BILL NELSON. Thank you, Mr. Chairman.

General Maples, I am going to ask you when we go into closed session about the latest on Captain Michael Scott Speicher. But in the mean time, in the open session: Just recently, Venezuela is reported to have received the first of three Russian helicopters and is ordering a lot more. There has been a report out for some period of time of ordering 150,000 rifles and a whole bunch of MiGs, the more advanced MiGs. How concerned is our DOD about the increased militarization and the increased expansionism of Venezuela?

General MAPLES. We are very concerned about the purchase of arms that we see going on in Venezuela right now. We do see increased capability that is being brought to them by the fact that they can finance arms purchases from oil production. We see their efforts, as you are aware, to purchase both aircraft and patrol boats that the DOD has taken an active interest in attempting to deny that purchase going through.

So Venezuela is seeking a number of capabilities, both for their own defense, but also that gives them greater capability that could operate elsewhere in South and Latin America and within the Gulf area.

Senator BILL NELSON. About the cozy relationship between Venezuela and Cuba and as a result of propping up Fidel Castro's regime and then allowing Castro to send doctors and nurses and so forth all over Latin America, what is the daily dollar value of that assistance that Venezuela is providing to Castro?

Ambassador NEGROPONTE. Senator, I do not have an estimate at hand for what the daily dollar value is, although I think we could try to ascertain that. But I would say that it is clear that he is spending hundreds of millions, if not more, for his very extravagant foreign policy, as I said in my prepared statement, at the expense

of the Venezuelan people, because there is a great deal of poverty in that country, so that it cannot have escaped the notice of the people that he is pursuing these very expensive policies.

[The information referred to follows:]

OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE,
Washington, DC, March 14, 2006.

The Honorable BILL NELSON,
United States Senate,
Washington, DC.

DEAR SENATOR NELSON: During the February 28, 2006, Senate Armed Services Committee Annual Threat Assessment Hearing, you asked a question regarding the financial benefits that Cuba is receiving from Venezuela. Director Negroponte asked that we follow up on his behalf with more details on this subject.

[Deleted.]

If you have any further questions regarding this information, please contact the Office of Legislative Affairs, Mike Tiddy at (703) 482-1796.

Sincerely,

DARLENE M. CONNELLY,
Director, Office of Legislative Affairs.

Senator BILL NELSON. Do you want to handle in closed session the question about the triborder region in South America and the potential infiltration of al Qaeda?

Ambassador NEGROPONTE. I would be prepared to try and do that, yes.

Senator BILL NELSON. Thank you.

Chairman WARNER. Thank you very much, Senator.

Senator LEVIN, do you have a wrap-up question?

Senator LEVIN. Just one question, following up on Ambassador Negroponte's assessment of the risk. Let me ask General Maples this same question: Has the DIA done an assessment of the risk of having a foreign government control port facilities in the United States?

General MAPLES. Sir, we did an assessment on the technology risk and the risk associated with technology transfer, but not on the risk of a foreign government. There was a statement in the risk assessment that we provided that did address an issue that in this particular instance a foreign government that we did not have necessarily knowledge of in terms of acquiring the company would have access to our ports. But specifically, it was related to the transfer of technology.

Senator LEVIN. What was the risk that you assessed relative—you have not done an assessment of the risk of having a foreign government control port facilities?

General MAPLES. Not per se, no, sir.

Senator LEVIN. The risk that you did assess, the technology—

General MAPLES. It was the risk of technology transfer—

Senator LEVIN. To?

General MAPLES.—and our assessment was low.

Senator LEVIN. Okay. Would you doublecheck for me, for the committee, whether or not the DIA has done a risk assessment overall as to the transfer of port facilities to a foreign government's control? Would you doublecheck that?

General MAPLES. Sir, I will doublecheck. There was a statement in the technology risk assessment that we did that spoke to the fact that a foreign government would be controlling port operations in the United States. It was a part of the same assessment, and

it was raised to low to moderate risk based on that factor. But it was a single assessment related to technology transfer.

Senator LEVIN. So if a foreign government controlled the facilities relative to that transfer, at that point the risk goes from low to low to moderate?

General MAPLES. Yes, sir.

Senator LEVIN. Ambassador Negroponte, have you seen that assessment?

Ambassador NEGROPONTE. Yes, I have.

Senator LEVIN. Okay.

Chairman WARNER. Thank you.

Senator Lieberman asked a very good question about the consequences of a successful civil war in Iraq and your responses were very forthcoming. I now think it is important to look at if the forces of a civil war were to erupt, as you pointed out, Ambassador Negroponte, the first thing that we would look to is the ability of the government to try and mount an effort to stop that civil war. I think it is the consensus of opinion, certainly this Senator feels strongly, that our forces should not be involved in the actual combat of that civil war. We would turn it over—I say we would turn it over. I think the government of Iraq, such as it is today, would have to look to their own forces that we have trained and equipped. We now have over 100 battalions, half of which have been categorized and rated as fully capable of leading in combat operations, not totally independent but nevertheless leading.

My question to you, General, is what is your assessment? Should a civil war or the factors that would be judged as tantamount to a civil war be present and there is general insurrection taking place in many areas, what capability does the trained force and equipped force by the United States and coalition partners have with regard to their ability to put it down, at the direction presumably of the government, and frankly have the courage to stay with it?

Now, the one chapter in history which I bring up is I remember following very well as our forces invaded into Iraq. There came a time where the army of Saddam Hussein literally dissolved. They left their weapons, they left their positions, and they went back to their origins, their home, their tribes, and the like.

Give us your assessment of how hard this force would fight to try and restore law and order and enable the government to continue to govern?

General MAPLES. Sir, I would assess that in fact the Iraqi security forces would fight very hard. I think that their leadership, their feeling of national pride, their desire to have a national and a strong Iraq, that they would support the national government and would fight very hard to try to control the situation.

Chairman WARNER. Even if they are fighting their own countrymen?

General MAPLES. I believe so, yes.

They of course do have both their own sectarian loyalties, they have their own tribal loyalties, that they would have to overcome. But we are seeing very strong leadership within the Iraqi security forces and we have seen them perform.

Chairman WARNER. That is encouraging.

Ambassador Negroponte, do you have anything to add to that?

Ambassador NEGROPONTE. Just that I think it is a lot better than it was a couple years ago. When I arrived there, Senator, as Ambassador to Iraq, there was hardly a national security force, a few battalions at best. Now we have reached the numbers that you talk about.

The other point I would add is I think their performance during this recent situation during the past week has been quite positive. They were able to enforce this nationwide curfew and I think have been playing a strong role.

Chairman WARNER. Thank you very much.

Senator BILL NELSON. Mr. Chairman, may I follow that by asking the Ambassador: To what degree do you see this attempted civil war continuing to play out?

Ambassador NEGROPONTE. I think first of all, as we were commenting earlier, that the political leadership of the country as well as the religious leadership is rising to the situation. I think the Ambassador, Ambassador Khalilzad, used the phrase I saw quoted today about how they came up to the edge, the brink, and they realized they do not want to fall down that precipice. So I think they are struggling mightily to avoid that.

Chairman WARNER. Thank you very much.

Ambassador NEGROPONTE. I think that is important.

Chairman WARNER. The committee will—

Senator LEVIN. I have a request for the record. May I make a request for the record?

Chairman WARNER. Yes.

Senator LEVIN. General, you made a very important statement that I would like you to expand for the record, that when the government owns a port facility instead of a company that the risk assessment goes from low to low to moderate. If you could expand that for the record, since that is a very significant statement, as to why you believe that is true, I would appreciate it.

General MAPLES. Yes, sir.

[The information referred to follows:]

All CFIUS assessments produced by DIA are generated through an all-source analytical process that uses both open-source and classified information. In formulating the overall risk assessment, DIA evaluates six dimensions of risk:

- Technology relative to the state of the art.
- Technology targeting.
- Company history.
- Foreign government policies and practices.
- Technology transfer.
- Technology diversion.

On the basis of evidence discovered during the analytical process, each dimension is scored on a scale of 1–5, equating to low, low-moderate, moderate, moderate-high, and high risk. Scores for each dimension are averaged, an initial assessment is made, and an internal analytical peer review determines whether any adjustments to the initial assessment are necessary.

[Deleted.]

Chairman WARNER. The committee will resume in closed session in approximately 10 minutes in room Hart 219. We had a very good hearing. We are adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

DETAINEES

1. Senator MCCAIN. Ambassador Negroponte, at a hearing of the Senate Judiciary Committee on February 6, Senator Graham asked Attorney General Gonzales: "Is it the position of the administration that an enactment by Congress prohibiting the cruel, inhumane, and degrading treatment of a detainee intrudes on the inherent power of the President to conduct the war?" The Attorney General answered: "Senator, I don't know whether or not we have done that specific analysis." Is it your view that all Intelligence Community (IC) employees are legally prohibited from inflicting cruel, inhumane, or degrading treatment upon any detainee, at any location, in any circumstance? If, in your view, there is a circumstance in which an IC employee could legally engage in cruel, inhumane, or degrading treatment, please describe.

Ambassador NEGROPONTE. All IC personnel must comply with the DTA's proscription on subjecting persons to cruel, inhuman, or degrading treatment or punishment, as defined pursuant to that statute by the U.S. Reservation to the Convention Against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment.

2. Senator MCCAIN. Ambassador Negroponte, does the IC have guidelines or regulations sufficient to ensure compliance at all times with the prohibition in U.S. law against sending persons in U.S. custody or control to countries where they are likely to be subjected to torture or other forms of cruel, inhuman, or degrading treatment?

Ambassador NEGROPONTE. [Deleted.]

3. Senator MCCAIN. Ambassador Negroponte, has the IC developed regulations to implement the legislative ban on cruel, inhuman, and degrading treatment?

Ambassador NEGROPONTE. [Deleted.]

4. Senator MCCAIN. Ambassador Negroponte, has specific guidance been issued to all interrogators and detaining personnel that would clearly communicate the implications of the new law in concrete terms?

Ambassador NEGROPONTE. [Deleted.]

5. Senator MCCAIN. Ambassador Negroponte, has the list of permissible interrogation techniques changed since the legislation has passed?

Ambassador NEGROPONTE. [Deleted.]

IRAQ

6. Senator MCCAIN. Ambassador Negroponte, there are various theories put forward by those who advocate a drawdown in our troop presence in Iraq. Some say that by drawing down we would improve the situation by ending the perception of occupation. Others say that by drawing down we will force the Iraqis to deal with political issues they have postponed. Both of these arguments seem to me to miss the broader issue of Sunni-Shia violence, which could easily expand to fill any security vacuum. In the assessment of our IC, what is the likeliest outcome of a precipitous withdrawal of coalition troops?

Ambassador NEGROPONTE. We assess that a precipitous withdrawal of coalition forces would place great strain on and possibly result in the collapse of Iraq's central authority, while dramatically increasing the likelihood of inter- and intra-sectarian violence. Absent the moderating influence of the coalition presence, Shia re-crimeations against suspected Sunni insurgents and terrorists probably would be swift and severe.

Several factors would hinder an effective government response to an expected rise in insurgent violence following a coalition withdrawal. The cohesion of Iraq's new security forces also would be jeopardized because these forces lack adequate unit logistics and the Iraqis are still developing their ministries' procurement, oversight, and training functions. The number and strength of sectarian militias almost certainly would rise. If the center collapses, the Kurds probably would move swiftly to cement their hold on disputed areas, including Kirkuk. The number of displaced persons probably would rise due to ethno-sectarian fears and localized fighting.

Terrorists in Iraq also would be able to use a precipitous coalition withdrawal to their advantage by claiming victory and playing upon Iraqi fears of abandonment by the international community to boost their influence and recruiting. Moreover, a precipitous withdrawal would add impetus to the terrorists' plan to use Iraq as

a base for attacks conducted elsewhere, as outlined in the vision espoused by Osama bin Laden's deputy, Ayman al-Zawahiri, in his communication last year with Abu Mus'ab al-Zarqawi.

IRAN

7. Senator MCCAIN. Ambassador Negroponte, several different timelines for Iran to possess a nuclear weapons capability have been reported in recent months ranging from having the capability in a matter of years to a matter of months. What is your current assessment?

Ambassador NEGROPONTE. [Deleted.]

8. Senator MCCAIN. Ambassador Negroponte, there are some reports that indicate that, even if Russia and Iran strike a deal to enrich uranium in Russia, Iran might continue the small-scale enrichment it has begun. If Iran did continue this activity, what potential would it have for Iran's presumptive weapons program? What kind of threat would this pose to the United States?

Ambassador NEGROPONTE. [Deleted.]

9. Senator MCCAIN. Ambassador Negroponte, the Iranian leadership has displayed contempt for the diplomatic process and has shunned the efforts of the International Atomic Energy Agency (IAEA). Recently they launched a Euro-based oil futures market in attempts to further insulate their economy from possible sanctions. If diplomatic measures are completely exhausted, to what measures do you think the Iranian leadership will be responsive?

Ambassador NEGROPONTE. [Deleted.]

10. Senator MCCAIN. Ambassador Negroponte, with the current focus primarily on a possible Iranian nuclear threat, are we overlooking Iran's conventional threat to its neighbors?

Ambassador NEGROPONTE. [Deleted.]

11. Senator MCCAIN. Ambassador Negroponte, what conventional warfare scenarios do you see as a near-future possibility?

Ambassador NEGROPONTE. [Deleted.]

RUSSIA/GEORGIA

12. Senator MCCAIN. Ambassador Negroponte, earlier this year, a pipeline explosion suspended Russian gas exports to Georgia, in the middle of winter. The Georgian government accused Russia of deliberately blowing up the line in an effort to coerce the country, and reports indicate that the area in which the explosion took place was accessible only to Russian security officials. Russia has denied the accusations. What do we know now?

Ambassador NEGROPONTE. Georgian President Saakashvili stated publicly and many other Georgians believe that Russia was responsible for the explosions on 22 January that damaged the major gas pipelines and a high-voltage electricity line that provide energy to Georgia. In general, we have little independent information with which to assess the Georgian claims, and much of the information that we are able to obtain is second-hand information, primarily from open sources or from sources with known biases.

The severity of the damage to the gas pipeline and electrical transmission line and the prompt Russian actions to repair the damage, however, suggest that Moscow was not responsible for the bombings. After the explosions Russian state-controlled gas giant Gazprom and electricity monopoly Unified Energy Systems rerouted gas volumes bound for Georgia through Azerbaijan and worked around the clock in efforts to repair the damaged gas pipelines and electrical transmission line.

The locations of the explosions at the gas pipelines were not in the immediate vicinity of the border control post but were located one kilometer and 3.6 kilometers from the border guards checkpoint according to press reporting. The ruggedness of the terrain at the site of the explosion, as shown in photos from the scene, coupled with the reported distance of the explosion from the Russian border post suggests that the explosion might not have been visible from the Russian border post.

We have no independent information on the nature of the explosives used, although, according to reporting in the press Russian authorities recovered unexploded "homemade" bombs with electronic timers at the site of the electricity lines. We have no information on the results of any Russian investigation of the ex-

plosions. This is not the first time that energy infrastructure has been targeted in the North Caucasus. In 2005 Russian sappers defused a bomb that was discovered under the Mozdok-Tbisili gas pipeline near the border between Ingushetia and North Ossetia, according to press reporting. To the best of our knowledge, however, no group has claimed responsibility for the explosions, and Chechen rebels, who immediately were suspected to have committed the acts, denied responsibility for the explosions, according to press reporting, after Tbilisi publicly accused the Kremlin. We cannot exclude the possible involvement of rebel groups, however.

GLOBAL JIHADIST THREAT

13. Senator MCCAIN. Ambassador Negroponte, why, in the IC's assessment, do al Qaeda and affiliated terrorists seek to attack the United States and its friends? Professor Robert Pape at the University of Chicago suggests that it is physical occupation—the presence of American troops in the Arabian peninsula, among other places, that fuels attacks. What is your assessment of this argument?

Ambassador NEGROPONTE. [Deleted.]

PAKISTAN

14. Senator MCCAIN. Ambassador Negroponte, are you satisfied with the degree of intelligence and operational cooperation with Pakistan?

Ambassador NEGROPONTE. [Deleted.]

15. Senator MCCAIN. Ambassador Negroponte, could the government of Pakistan be doing more to help us track down al Qaeda leadership, including Osama bin Laden?

Ambassador NEGROPONTE. [Deleted.]

MUSLIM WORLD/U.S. ISOLATIONISM

16. Senator MCCAIN. Ambassador Negroponte, in your prepared testimony, you refer to the debate between Muslim extremists and moderates, and note that this debate will influence the future terrorist environment, among other things. Does the U.S. have a role to play in this debate—beyond our promotion of democracy and reform at the governmental level—or is this something that must be worked out among Muslims themselves? If the U.S. does have a role, what should it be?

Ambassador NEGROPONTE. [Deleted.]

NONPROLIFERATION REGIME/INDIA CIVILIAN NUCLEAR DEAL

17. Senator MCCAIN. Ambassador Negroponte, in your prepared testimony you rightly highlight the threat and destabilizing effect of nuclear proliferation. One key element in restraining states from “going nuclear” has been the Nuclear Non-proliferation Treaty (NPT). During the President's trip to India later this week, he is expected to strike a deal with India that would provide an exemption for India—though it has not signed the NPT and has gone nuclear, the U.S. would provide it with civilian nuclear technology nonetheless. Such a deal would require Congress to change its laws, and the administration is expected to push for this once the deal is struck. What does the IC assess would be the reaction of medium-size non-nuclear states of such a deal?

Ambassador NEGROPONTE. Reactions noted thus far have primarily been from member countries of the Nuclear Suppliers Group (NSG). Most NSG members that are also medium-size non-nuclear states have been asking questions about the effect of the deal on India's ability to expand its nuclear weapons capability; the effect on the NPT of permitting extensive civilian nuclear cooperation with a non-NPT country that possesses nuclear weapons; whether China may seek a similar deal for Pakistan; and whether India has agreed to do enough in return for expanded civilian nuclear cooperation. We will continue to monitor the reactions of other countries to the U.S.-India arrangement.

18. Senator MCCAIN. Ambassador Negroponte, how might countries like South Korea, Egypt, Brazil, South Africa, etc. react when they see that it is possible to develop nuclear weapons outside the NPT framework and still enjoy the benefits of civilian nuclear cooperation?

Ambassador NEGROPONTE. We currently have no indications that these countries would intend to change their nuclear policies in response to the U.S.-India civil nuclear arrangement, but we will continue to monitor for any such changes.

QUESTIONS SUBMITTED BY SENATOR JOHN CORNYN

TECHNICAL INTELLIGENCE ANALYSIS

19. Senator CORNYN. Ambassador Negroponte, the number of scientists and engineers in the world is increasing relative to production of similar expertise in the United States. Are there threats posed to the United States as a result of increased technical expertise in other countries?

Ambassador NEGROPONTE. [Deleted.]

20. Senator CORNYN. Ambassador Negroponte, how do you identify and monitor new technology developments in the rest of the world?

Ambassador NEGROPONTE. [Deleted.]

21. Senator CORNYN. Ambassador Negroponte, how has the rapid flow of technology around the globe changed requirements for collection and analysis of technical intelligence?

Ambassador NEGROPONTE. [Deleted.]

22. Senator CORNYN. Ambassador Negroponte, do you have the right manpower and mix of skills in the workforce to evaluate potential threats in highly technical areas?

Ambassador NEGROPONTE. This is a good question, and one we've spent a great deal of time on. We believe the approach to human capital we're undertaking provides us with a powerful and unique means to an end—accomplishing our national security mission, in the face of threats to our security, as well as the human capital challenges that our Nation faces. In this regard, we drafted a comprehensive Strategic Human Capital Plan that clearly addresses this question, among a host of others, and includes myriad human capital initiatives.

This Strategic Human Capital Plan, along with the IC-wide policy and program “architecture” we're also developing, establishes three broad goals designed to help shape and achieve our desired end-state: Maximize our capacity; leverage our capabilities; and strengthen our community. Complementing these goals, we've undertaken three aggressive steps:

- First, we validate our required analytic competencies. In partnership with the Deputy Director of National Intelligence for Analysis, we are validating an IC analytic competency model that identifies critical knowledge, skills, and attributes required to conduct effective intelligence analysis, now and in the future. The model, to be implemented this fiscal year, includes general analytic competencies (such things as critical thinking); categories of “target” expertise, based on topics and countries set forth in the National Intelligence Priorities Framework (NIPF); and analytic tradecraft—the tools and methods used by the intelligence disciplines. I am proud to say that in March, we took our first tangible steps in this regard, orchestrating a series of competency reviews by our analysis experts. This was to very specifically discern the very competencies we need now and in the future.
- Next, we are cataloging our analytic resources. This competency model I just mentioned will be integrated into the Analytic Resources Catalog (ARC). Already online, the ARC provides a detailed inventory of the thousands of intelligence analysts in the IC, according to their expertise and experience, compared against the requirements projected by the NIPF. By listing individual analysts by name and expertise in its “Yellow Pages” feature, the ARC will also enable and encourage informal information- and knowledge-sharing networks, another top DNI priority.
- Finally, we turn our attention to other critical areas, as we are moving towards processes that allow us to manage human capital by function and profession. The analytic community's efforts offer a template for the rest of the IC. Each major functional community, in partnership with HC professionals, will be looked at for a similar approach. Comprehensive, functionally-specific competency models should be developed in fiscal year 2006 and 2007. These will be used to help us determine more precise staffing levels, IC-wide, and in each individual component, as well as the annual accession, training, and retention targets necessary to meet and sustain those levels.

In addition, these models will serve as the basis for function-specific qualification, training, and performance standards. I would emphasize that these models and standards would serve as a common, IC-wide baseline and would not preclude additional, component-specific competencies, so long as they meet required standardized methodological rigor.

I'd like to also mention that we don't see these as static processes. We see them as evolving and changing in response to world dynamics and the threats. In this vein, we have processes that help us continually define and redefine the expertise requirements needed to support our vital missions, based on the advances in technology and adaptations of our adversaries. Second, we continually work to have the best processes for acquiring and training personnel with the requisite expertise to fully evaluate the threat potential of technologies and our adversaries. Third, we have processes for identifying and leveraging world-class expertise that resides outside the IC, to assure we can capitalize on the diverse and extensive expertise available in our country.

QUESTIONS SUBMITTED BY SENATOR EDWARD M. KENNEDY

PRESIDENTIAL DAILY BRIEFS

23. Senator KENNEDY. Ambassador Negroponte, as part of its investigation of the pre-war intelligence, the Senate Intelligence Committee asked to review the Presidential Daily Briefs (PDBs) relevant to the key issues of Iraq's WMD and Saddam Hussein's links to terrorists. The request was denied. Members of the Silberman-Robb Commission appointed by the President to examine pre-war intelligence were given access to parts of the PDBs on Iraq's WMD program. Four of the 10 members of the 9/11 Commission were given parts of PDBs they requested. If these Commissioners were given such access, Congress should be given access as well for its own investigation of the all-important questions about why we went to war and the way we went to war. The Intelligence Committee is now working on the second phase of its investigation—which will address how the administration used the intelligence on Iraq to make the case for war. To support the Intelligence Committee's investigation, will you agree to provide the PDBs on Iraq?

Ambassador NEGROPONTE. PDBs are Presidential documents and the ODNI does not make the determination to provide PDBs. The PDB throughout its history has been a sensitive and highly confidential document prepared exclusively for the President. It is written for the President personally and literally in the second person, and he shares it with only a handful of others in his administration. Only in the most extraordinary circumstances relating to the 9/11 Commission, and in a circumstance that did not set any precedent has it ever been shared outside the executive branch. The Silberman-Robb Commission was a board reporting directly to the President and within the executive branch. We are unaware of any precedent in the country's history for providing the PDBs to Congress.

24. Senator KENNEDY. Ambassador Negroponte, even if you believe it's the President's decision, do you think this information should be available to Congress?

Ambassador NEGROPONTE. The President, to conduct his duties, must be able to request and receive certain documents that he can feel confident will remain personal and confidential. The PDB is written with only the President in mind, which allows a special trust and confidence in the way it is written, and the presentation of certain unique content, some extraordinarily sensitive and operational in nature. It is personally briefed, read, and discussed with the President on a daily basis; at heart, the PDB is an ongoing dialogue between the President and key elements of the IC, which must be protected.

AL QAEDA

25. Senator KENNEDY. Ambassador Negroponte and General Maples, in General Maples' prepared testimony he stated "Al Qaeda leaders, Osama bin Laden and Ayman al-Zawahiri, are relatively isolated and under pressure from counterterrorist operations. Once the central banker of the Sunni extremist movement, the al Qaeda leadership has resorted to seeking funds from al Qaeda in Iraq to supplement its income." How dependent is the al Qaeda leadership on funding from al Qaeda in Iraq?

Ambassador NEGROPONTE. [Deleted.]

General MAPLES. [Deleted.]

26. Senator KENNEDY. Ambassador Negroponte and General Maples, what percentage of its funding do we believe comes from al Qaeda in Iraq? A majority?
Ambassador NEGROPONTE. [Deleted.]
General MAPLES. [Deleted.]

VIOLENCE IN IRAQ

27. Senator KENNEDY. Ambassador Negroponte, you stated in your prepared testimony that if a broad, inclusive national government emerges, there almost certainly will be a lag time before we see a dampening effect on the insurgency. What do you mean by a lag time?
Ambassador NEGROPONTE. [Deleted.]
28. Senator KENNEDY. Ambassador Negroponte, what is the assessment of the amount of lag time under the best-case scenario—6 months? A year? Longer?
Ambassador NEGROPONTE. [Deleted.]

29. Senator KENNEDY. Ambassador Negroponte, what do you mean by “dampening effect?” Do you mean that even under the best case scenario the violence will not end?
Ambassador NEGROPONTE. [Deleted.]

30. Senator KENNEDY. General Maples, in your prepared testimony you stated, “Sunni Arab attitudes are changing as the elite increasingly embrace politics; however, the degree to which this will decrease insurgent violence is not yet clear.” Are you suggesting that there’s not a clear nexus between politics and violence on the streets?

General MAPLES. Iraqi political developments can and do influence Sunni Arab violence on the streets; however, other factors impact the overall attack levels as well. As demonstrated during the recent elections, some Sunni Arab leaders can influence their constituencies to reduce violence, but this does not extend to an ability to influence all Iraqi Sunni elements comprising the insurgency.

Insurgents will become gradually isolated if Iraqi Sunni Arabs perceive that they have gained adequate and effective national and local political representation. Sunni Arabs need reassurance that they will see improvements in the economy and the provision of basic services, and that de-Baathification’s impact will be limited. Support for the insurgency will also decline if Sunni Arabs gain confidence that the Iraqi security forces, currently perceived as agents of Kurdish and Shiite domination, will protect their interests.

Al Qaeda terrorists will not be swayed by political progress in Iraq and will violently oppose any Iraqi government that is not dominated by Sunni Islamists who support their objectives. Criminal elements are largely unresponsive to political developments, though as Iraqi police become more effective and the economy improves, we expect to see this category of violence decrease as well.

31. Senator KENNEDY. General Maples, if it’s not yet clear whether violence will wane with the political process, when will it become clear—6 months? A year? Longer?
General MAPLES. [Deleted.]

CHALABI

32. Senator KENNEDY. Ambassador Negroponte and General Maples, has the CIA or any agency within the IC conducted a damage assessment on Chalabi and his alleged leaks of intelligence to Iran? If not, why not? If so, what does the assessment show?
Ambassador NEGROPONTE. [Deleted.]
General MAPLES. [Deleted.]

33. Senator KENNEDY. Ambassador Negroponte and General Maples, what steps have been taken to mitigate any damage that may have resulted from such leaks?
Ambassador NEGROPONTE. [Deleted.]
General MAPLES. [Deleted.]

34. Senator KENNEDY. Ambassador Negroponte and General Maples, what relationship, if any, does any element of the IC have with Chalabi? Please fully describe any such relationship.

Ambassador NEGROPONTE. [Deleted.]
General MAPLES. [Deleted.]

NATIONAL SECURITY AGENCY SURVEILLANCE PROGRAMS IN THE UNITED STATES

35. Senator KENNEDY. Ambassador Negroponte, I am concerned that the legal uncertainties surrounding this program will undermine our national security and will also undermine Federal prosecutions against terrorists. It may be happening already. In *United States v. Al-Timimi*, No. 05-4761 (4th Cir. Feb. 16, 2006), an order was granted suspending the briefing schedule pending the filing of a motion to remand for evidentiary hearings on the impact of the National Security Agency's (NSA) warrantless surveillance program on the case of Ali Al-Timimi who had been sentenced to life in prison for terrorism-related activities. In *United States v. Abu Ali*, No. 05-053 (E.D. Va. Feb. 17, 2006), an order was granted on a motion to stay the proceedings pending an official government declaration detailing how the NSA program may have been used directly or indirectly in the prosecution of its case against Ahmed Omar Abu Ali. In *United States v. Faris*, No. 03-189 (E.D. Va. Feb. 8, 2006), an order was granted appointing new counsel and requiring the government to respond to the defendant's motion to vacate within 60 days, in part because of the government's alleged use of warrantless surveillance in the case against the defendant. Is information from the NSA program being passed to the FBI for arrests?

Ambassador NEGROPONTE. The NSA intelligence surveillance activities confirmed by the President involve targeting for interception by the NSA of communications where one party is outside the United States and there is probable cause ("reasonable grounds") to believe that at least one party to the communication is a member or agent of al Qaeda or an affiliated terrorist organization (hereinafter, the "Terrorist Surveillance Program," the "Program," or the "TSP").

The TSP is an intelligence program designed to detect and prevent terrorist attacks against the United States. As appropriate, lead information obtained from the program is, of course, passed to the Federal Bureau of Investigation (FBI). FBI Director Robert S. Mueller testified at the Worldwide Threat Hearing before the Senate Select Intelligence Committee on February 2, 2006, that the FBI receives a number of leads from NSA programs, including the TSP. He further testified that leads from the TSP have been valuable in identifying would-be terrorists and those who provide material support to terrorists.

As for the cases you mention, in *United States v. Ali Al Timimi*, the government did not oppose the defendant's motion to remand his case to the district court in order to pursue further proceedings concerning defendant's allegations that he was the subject of surveillance by the NSA and that his communications with counsel have been improperly denied. The Fourth Circuit granted the motion to remand on April 25, 2006. If the district court orders the government to respond to the defendant's allegations, the Department of Justice will do so. The sentencing of Ahmed Omar Abu Ali, a Virginia man convicted of conspiring to assassinate the President, had been postponed as a result of the defendant's request for information regarding alleged use of NSA surveillance in his case. Those issues were resolved by the district court, and, on March 29, 2006, Ahmed Omar Abu Ali was sentenced to 30 years in prison followed by 30 years of supervised release. Finally, in *United States v. Faris*, the defendant filed a motion to vacate his conviction, in which he alleged that his trial counsel was ineffective, because counsel, among other things, did not seek discovery from the government regarding electronic surveillance. The government filed an opposition to the motion to vacate on April 10, 2006. The district court has not yet ruled on the motion.

As of April 28, 2006, in every case in which a United States District Court Judge has ruled on a defense request for information, an order has been issued denying the defendant's motion. Obviously, the mere fact that a criminal defendant makes allegations that his prosecution was somehow "tainted" by undisclosed warrantless surveillance does not make it so. Courts will frequently request that the government respond to new issues raised by a criminal defendant, irrespective of the ultimate merits of the issue.

36. Senator KENNEDY. Ambassador Negroponte, has information from the program been used in a court as evidence in a prosecution or to obtain a warrant for additional surveillance?

Ambassador NEGROPONTE. Answering this question would require a discussion of operational details. As agreed to by congressional leadership, operational details,

and a full briefing, on the NSA program have been provided to the full membership of the Senate Select Committee on Intelligence.

37. Senator KENNEDY. Ambassador Negroponte, isn't it true that a criminal prosecution of a terrorist could be crippled if a court finds that critical evidence was obtained illegally?

Ambassador NEGROPONTE. The TSP is a NSA intelligence activity developed for the purpose of detecting and preventing terrorist attacks. However, as previously discussed, leads from this intelligence program are passed to the FBI wherever appropriate. Based on the comprehensive legal analysis performed by the Department of Justice, the Administration believes that the TSP complies fully with Federal law. Accordingly, as indicated in his statements before the Senate Judiciary Committee on February 6, 2006, the Attorney General believes that no terrorist prosecution will be jeopardized as a result of the program. For a detailed discussion of the legal bases for the program, please refer to the Department of Justice's paper of January 19, 2006. See Legal Authorities Supporting the Activities of the National Security Agency Described by the President (January 19, 2006).

38. Senator KENNEDY. Ambassador Negroponte, isn't it true that an amendment to the Foreign Intelligence Surveillance Act (FISA) could have eliminated all risk that a court would find that such evidence was obtained illegally?

Ambassador NEGROPONTE. The administration believes that an amendment to the FISA is unnecessary because the Authorization for the Use of Military Force of September 18, 2001 (Force Resolution) provides statutory authority for the TSP, consistent with the FISA. As detailed in the Department of Justice's paper of January 19, 2006, the FISA explicitly contemplates that other statutes, such as the Force Resolution, may authorize the conduct of intelligence surveillance outside of the procedures set forth under the FISA. See Legal Authorities Supporting the Activities of the National Security Agency Described by the President (January 19, 2006). Consistent with the Supreme Court's examination of the Force Resolution in *Hamdi v. Rumsfeld*, the Department of Justice has concluded that the Force Resolution authorizes this activity for foreign intelligence purposes as an incident of force directed against those who planned, authorized, committed, or aided the September 11th terrorist attacks. See *Hamdi v. Rumsfeld*, 542 U.S. 507 (2004). Other Presidents, including Woodrow Wilson and Franklin Roosevelt, also have interpreted general force authorization resolutions that did not specifically address surveillance to permit warrantless surveillance to intercept suspected enemy communications. The language of the Force Resolution must be read against this historical backdrop.

39. Senator KENNEDY. Ambassador Negroponte, have you ever discussed with members of this committee the changes in the law that you think are needed?

Ambassador NEGROPONTE. For the reasons stated previously, it is my view that no changes to the law are needed at this time for the TSP. For that reason, I do not recall any conversations with members requesting legislation related to the TSP. However, I stand ready to work with the committee on any legislation that it may wish to consider.

40. Senator KENNEDY. Ambassador Negroponte, have any communications intercepted under the NSA's program resulted in any arrests or convictions in a counterterrorism investigation? If so, how many? Please provide specific details of each case.

Ambassador NEGROPONTE. As previously stated, leads from this intelligence program are passed to the FBI wherever appropriate. FBI Director Robert S. Mueller testified at the Worldwide Threat Hearing before the Senate Select Intelligence Committee on February 2, 2006, that FBI receives a number of leads from NSA programs, including the TSP. He further testified that leads from the TSP have been valuable in identifying would-be terrorists and those who provide material support to terrorists.

Providing further information in response to this question would require a discussion of operational details. As agreed to by congressional leadership, operational details, and a full briefing, on the NSA program have been provided to the full membership of the Senate Select Committee on Intelligence.

41. Senator KENNEDY. Ambassador Negroponte, has any surveillance been terminated because it has been determined to be of little value?

Ambassador NEGROPONTE. The IC cannot afford to expend resources on targets that do not provide valuable information. This is particularly true in the area of counterterrorism, where the consequence of a missed opportunity could be cata-

strophic. The TSP was developed to add speed and agility to the Government's efforts to protect the United States from terrorist attacks. Thus, any questions as to the value of TSP coverage are, by necessity, addressed and resolved in an expeditious manner.

42. Senator KENNEDY. Ambassador Negroponte, how many people at DOD knew about the program?

Ambassador NEGROPONTE. Answering this question would require a discussion of operational details. As agreed to by congressional leadership, operational details, and a full briefing, on the NSA program have been provided to the full membership of the Senate Select Committee on Intelligence.

43. Senator KENNEDY. Ambassador Negroponte, what protocols were in place at the start to protect the program's integrity? What about now?

Ambassador NEGROPONTE. Since its inception, the TSP has been the subject of regular and ongoing legal and operational reviews. As stated previously by the then Principal Deputy Director of National Intelligence, General Michael V. Hayden, the TSP has been subject to the most intense oversight regime in NSA's history. That regime includes oversight by the NSA's Office of General Counsel and Office of Inspector General as well as the Department of Justice. The program has been, and continues to be, reviewed approximately every 45 days. That review includes an evaluation of the TSP's effectiveness and a thorough assessment of the current threat to the United States posed by al Qaeda and affiliated terrorist organizations.

OVERSIGHT OF THE NATIONAL SECURITY AGENCY SURVEILLANCE PROGRAM

44. Senator KENNEDY. Ambassador Negroponte, we've heard a great deal about internal reviews on the NSA's warrantless surveillance program. Various administration officials have stated that the Inspector General of the NSA reviewed the Agency's wiretapping program, but it's the Inspector General of the DOD who has statutory reporting requirements and oversight over both the NSA and its Inspector General. In light of the concerns raised about the lack of congressional and judicial oversight of the NSA surveillance, can you confirm whether the Inspector General of the DOD knew about the program? Did he review it all—or only on a periodic basis?

Ambassador NEGROPONTE. Answering this question would require a discussion of operational details. As agreed to by congressional leadership, operational details, and a full briefing, on the NSA program have been provided to the full membership of the Senate Select Committee on Intelligence.

45. Senator KENNEDY. Ambassador Negroponte, did the Inspector General of the DOD conduct any formal or informal investigation of the program?

Ambassador NEGROPONTE. Answering this question would require a discussion of operational details. As agreed to by congressional leadership, operational details, and a full briefing, on the NSA program have been provided to the full membership of the Senate Select Committee on Intelligence.

46. Senator KENNEDY. Ambassador Negroponte, are there any plans to do so now?

Ambassador NEGROPONTE. Answering this question would require a discussion of operational details. As agreed to by congressional leadership, operational details, and a full briefing, on the NSA program have been provided to the full membership of the Senate Select Committee on Intelligence.

47. Senator KENNEDY. Ambassador Negroponte, what about the Inspector General for the Office of National Intelligence?

Ambassador NEGROPONTE. Answering this question would require a discussion of operational details. As agreed to by congressional leadership, operational details, and a full briefing, on the NSA program have been provided to the full membership of the Senate Select Committee on Intelligence.

48. Senator KENNEDY. Ambassador Negroponte, what about the Civil Liberties Protection Officer serving under the Director of National Intelligence—did he ever know about the program or participate in internal reviews and approvals?

Ambassador NEGROPONTE. Answering this question would require a discussion of operational details. As agreed to by congressional leadership, operational details, and a full briefing, on the NSA program have been provided to the full membership of the Senate Select Committee on Intelligence.

49. Senator KENNEDY. Ambassador Negroponte, in 2004, the DOD established an Assistant to the Secretary for Intelligence Oversight, with responsibility for overseeing intelligence activities by the DOD and its agencies, including the NSA. The responsibilities for this office were further clarified in a document signed by Paul Wolfowitz. It instructs the office to see that all activities are conducted in "compliance with Federal law," and designates the Assistant to the Secretary as the "principal staff assistant and advisor" on independent intelligence oversight. Has this instruction been followed?

Ambassador NEGROPONTE. The Attorney General has reviewed the TSP and has determined, in his capacity as the chief law enforcement officer for the United States Government, that the TSP is in full compliance with Federal law. Consistent with Deputy Secretary of Defense Wolfowitz's memorandum, the Assistant to the Secretary for Intelligence Oversight is the principal staff assistant and advisor on independent intelligence oversight for the Department of Defense. Operational details, and a full briefing, on the NSA program have been shared with the full membership of the Senate Select Committee on Intelligence.

50. Senator KENNEDY. Ambassador Negroponte, was the Assistant to the Secretary for Intelligence Oversight aware of this program?

Ambassador NEGROPONTE. Answering this question would require a discussion of operational details. As agreed to by congressional leadership, operational details, and a full briefing, on the NSA program have been provided to the full membership of the Senate Select Committee on Intelligence.

51. Senator KENNEDY. Ambassador Negroponte, did the Assistant to the Secretary conduct any oversight over this program?

Ambassador NEGROPONTE. Answering this question would require a discussion of operational details. As agreed to by congressional leadership, operational details, and a full briefing, on the NSA program have been provided to the full membership of the Senate Select Committee on Intelligence.

QUESTIONS SUBMITTED BY SENATOR JOSEPH I. LIEBERMAN

CARTOONS

52. Senator LIEBERMAN. General Maples, the impact of the Danish cartoons of the Prophet Muhammad has been considerable, perhaps beyond what we might have anticipated. It is important that we understand how and why the violence escalated across the Middle East. Do we know if al Qaeda was involved in intensifying the conflict over the cartoons? If so, where were they involved?

General MAPLES. [Deleted.]

QUADRENNIAL DEFENSE REVIEW

53. Senator LIEBERMAN. General Maples, according to the Quadrennial Defense Review (QDR), the United States Navy is planning to move at least six carriers and 60 percent of its submarine fleet to the Pacific in the near future. Reports warn that China continues to increase its submarine production. China now possesses five different classes of submarines in its seapower arsenal. By 2010, the Chinese fleet may consist of over 50 moderate-to-modern attack submarines which could be used to engage the United States, Japan, or Taiwan. Clearly, the United States views the Chinese buildup as a significant risk. With the submarine fleet we have now, and continuing at the rate of production of only one boat a year until 2012, is the United States able to counter effectively the increasing number of submarines the Chinese put to sea?

General MAPLES. Defense intelligence and the greater IC are carefully monitoring the increase in the number of combatants and capabilities in China's People's Liberation Army Navy (PLAN) and providing that intelligence to our warfighters, defense planners, and national security policymakers. An assessment of our present and projected capability to counter the PLAN submarines is better provided by our combatant commander in the region.

54. Senator LIEBERMAN. General Maples, can you describe the intelligence risk we will sustain if this inequality of production continues?

General MAPLES. An inequality in the number of submarines produced annually by the United States and China will result in operational risk and an "intelligence risk."

HORN OF AFRICA

55. Senator LIEBERMAN. Ambassador Negroponte, reports have indicated that terrorist activity in the Horn of Africa has increased. Can you describe what the United States is doing in this region to stymie this growth?

Ambassador NEGROPONTE. [Deleted.]

56. Senator LIEBERMAN. Ambassador Negroponte, are the extremists in North Africa subsidiaries of al Qaeda?

Ambassador NEGROPONTE. [Deleted.]

57. Senator LIEBERMAN. Ambassador Negroponte, what tactics can we employ to prevent the proliferation of terrorism in this region of the world?

Ambassador NEGROPONTE. [Deleted.]

CENTRAL ASIA

58. Senator LIEBERMAN. Ambassador Negroponte, some extremist Muslim theorists see the former Soviet republics in Central Asia as part of the "global caliphate" linking the Islamic world from Spain to Indonesia. As poverty spreads across the region, are terrorist organizations targeting Central Asia for future development?

Ambassador NEGROPONTE. [Deleted.]

59. Senator LIEBERMAN. Ambassador Negroponte, what is the United States doing to prevent the spread of terrorist groups in this area of the world, such as the Islamic Movement of Uzbekistan (IMU)?

Ambassador NEGROPONTE. [Deleted.]

60. Senator LIEBERMAN. Ambassador Negroponte, is the terrorist threat in Central Asia manageable at this point in time, or is it growing exponentially?

Ambassador NEGROPONTE. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR JACK REED

IMPLICATIONS OF GLOBAL TECHNOLOGY COMPETITIVENESS

61. Senator REED. Ambassador Negroponte, the National Intelligence Council recently produced a report titled "Global Trends in Science and Technology Education: Policy Implications for U.S. National Security and Competitiveness". Among the report's findings is that "technical superiority for national defense is eroding". Can you provide specific examples of technology areas where we are seeing a real decline in technical superiority?

Ambassador NEGROPONTE. [Deleted.]

62. Senator REED. Ambassador Negroponte, what are the specific implications for national security that arise from this decline?

Ambassador NEGROPONTE. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

PHILIPPINO TERRORIST ORGANIZATIONS

63. Senator AKAKA. Ambassador Negroponte, you mentioned briefly in your testimony that there has been some political turbulence over the 2004 election but it seems to be that the region is becoming increasingly unstable. Just last week, a group of Philippine marine officers attempted to overthrow the Philippine Government. Although the plot failed, there seems to be every evidence that there will be similar uprisings in the future. What effect do you believe the recent political instability in the Philippines will have on efforts to neutralize the growth of terrorist groups in the Philippines such as the Abu Sayyaf Group and Jemahh Islamiyah?

Ambassador NEGROPONTE. [Deleted.]

NORTH KOREA

64. Senator AKAKA. Ambassador Negroponte, you testified that North Korea remains a state of high concern. In addition to its claims to have nuclear weapons, you state that North Korea produces and smuggles aboard counterfeit U.S. currency.

As you well know, as a result of these allegations North Korea has boycotted further nuclear non-proliferation talks. Last week, North Korea agreed to send representatives to New York next month to discuss claims that North Korea is involved in large-scale counterfeiting and distribution of U.S. currency. What affect, if any, do you think this meeting could have on the resumption of talks with North Korea regarding the nuclear disarmament process?

Ambassador NEGROPONTE. [Deleted.]

IRAQI SECURITY FORCES

65. Senator AKAKA. Ambassador Negroponte, you stated that the Iraqi Security Forces are experiencing difficulty in managing ethnic and sectarian divides among their units and personnel. What steps do you feel need to be undertaken to ensure that the Iraqi Security Forces will act as a national force rather than Shi'ite or Kurdish forces?

Ambassador NEGROPONTE. [Deleted.]

RUSSIAN AND IRANIAN RELATIONS

66. Senator AKAKA. General Maples, on Sunday, February 26, 2006, Iran and Russia announced that they had made an initial agreement to establish a joint uranium enrichment venture in which Russia would enrich uranium for Iran in Russian territory. Although there are many details that still need to be worked out before a final agreement is reached, to what extent would this agreement lessen nuclear non-proliferation security concerns related to Iran?

General MAPLES. [Deleted.]

AVIAN FLU

67. Senator AKAKA. Ambassador Negroponte, General Maples, and General Hayden, the IC has been paying more attention in recent years to nontraditional threats. One concern that many of us have is the threat of pandemic flu virus infecting millions. The human and economic cost would be extremely high. Recently, we have learned that H51A flu virus killed birds in Europe, most recently in France, and in Africa and has infected humans in Turkey and in Iraq. This virus appears to have originated in Asia, perhaps in China, where more infections have been found. Could you describe the level of cooperation China is providing the world health community in helping to understand the virus and its impact?

Ambassador NEGROPONTE. [Deleted.]

General MAPLES. [Deleted.]

General HAYDEN. [Deleted.]

AL QAEDA IN IRAQ

68. Senator AKAKA. Ambassador Negroponte, General Maples, and General Hayden, al Qaeda in Iraq (AQI) seems to have grown as a security threat in Iraq. Despite reports that various Iraqi groups are resisting AQI, there is no doubt that AQI represents a substantial threat to U.S. forces and to the Iraqi people. Could you explain where AQI is getting its financial support for its continuing operations?

Ambassador NEGROPONTE. [Deleted.]

General MAPLES. [Deleted.]

Ambassador NEGROPONTE. [Deleted.]

69. Senator AKAKA. Ambassador Negroponte, General Maples, and General Hayden, does AQI pose a threat to our interests outside of Iraq and, if so, what threat does it pose?

Ambassador NEGROPONTE. [Deleted.]

General MAPLES. [Deleted.]

General HAYDEN. [Deleted.]

TALIBAN

70. Senator AKAKA. Ambassador Negroponte, General Maples, and General Hayden, there have been a number of reports that the Taliban in Afghanistan have strengthened their base inside the country. As we move into the warmer months, what should we expect to see in terms of Taliban activity in Afghanistan?

Ambassador NEGROPONTE. [Deleted.]
 General MAPLES. [Deleted.]
 General HAYDEN. [Deleted.]

71. Senator AKAKA. Ambassador Negroponte, General Maples, and General Hayden, are there any signs that the Taliban is receiving support from the Pakistani government?

Ambassador NEGROPONTE. [Deleted.]
 General MAPLES. [Deleted.]
 General HAYDEN. [Deleted.]

MOKTADA AL-SADR

72. Senator AKAKA. Ambassador Negroponte, General Maples, and General Hayden, in Iraq, Moktada al-Sadr, a prominent Shiite cleric with close ties to Iran, appears to have turned his attacks against the American presence into political power. There are reports that he has gained considerable support among younger clerics, that he is a force behind the new Iraqi Prime Minister Jaafari, that his militia have in many instances taken over the local police, and that they are enforcing Islamic religious law in the streets and in the schools. What concerns do you have about al-Sadr's increasing political, social, and security power?

Ambassador NEGROPONTE. [Deleted.]
 General MAPLES. [Deleted.]
 General HAYDEN. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR BILL NELSON

CUBAN AND VENEZUELAN RELATIONS

73. Senator BILL NELSON. Ambassador Negroponte, it has been reported that Cuba receives up to 90,000 barrels per day in preferential oil agreements from Venezuela. What is the daily dollar value of assistance that Venezuela is providing to Cuba through oil transfers and direct cash? Please provide an unclassified estimate.

Ambassador NEGROPONTE. Caracas probably is providing Havana with what nets out to at least \$3 million a day in assistance. Cuba imports more than \$6 million of petroleum products a day from Venezuela, ostensibly paying for its purchases with the services of some 21,000 medical personnel, teachers, sports trainers, and other specialists who work in Venezuela. Nevertheless, the value of services provided by Cuban personnel calculated at market prices would probably total only \$3 million daily. Caracas may also accept Cuban goods as payment, but Havana's exports to Venezuela—at about \$250,000 a day—hardly make up the shortfall. There is sparse information on Venezuela's direct cash assistance to Cuba, but any such aid is probably insignificant compared with its oil transfers.

74. Senator BILL NELSON. Ambassador Negroponte, Venezuela is using its vast oil revenues to undermine U.S. influence in Latin America and to pursue an ambitious military modernization program. Since Cuba remains on the State Department's terrorist list and provides support to foreign terrorist organizations, I am concerned about their alliance with Venezuela. In addition to doctors and sports coaches, what forms of military, political, and security assistance is Cuba providing Venezuela and other Latin American countries on Venezuela's behalf?

Ambassador NEGROPONTE. [Deleted.]

[Whereupon, at 12:02 p.m., the committee adjourned.]

